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Stocks That Are Earning More Than Last Year

Can High Wages be Maintained Until Prosperity Returns?

Vol. 46 No. 10

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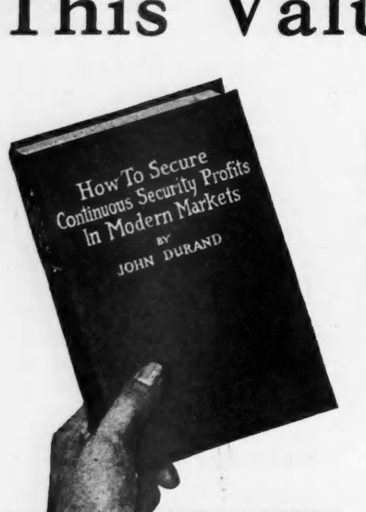

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WITH THE EDITORS

Sensitive to the News

"THE market declined on unfavorable crop news" or "stock prices rose on the President's statement" such are common enough phrases in the day to day comment which are made on the course of the market. And to a large extent they are usually justified and accurate descriptions of some of the factors of price movements at the time. The market is sensitive to news but not uniformly so. The degree of sensitivity varies with its own trend and activity.

That is to say, when the course of prices is upward, when we are in a bull market such as last summer the market seems to give but little attention to news developments whether good or bad. It is only the profoundly important happenings which play a part in price fluctuations—but let the trend turn downward and sensitiveness increases in proportion to the extent and duration of the fall. Every report then receives attention. Each development which may justly or unjustly be construed as a straw which shows which way the wind blows finds reflection in the price trend of whole groups if not of the entire market. Let the threat of a drought be noised about and prices recede—a day or two of rain, and they recover—such is the susceptible nature of a bear market.

In addition to the trend of prices, however, the effect of news on the market is also modified by the market's own technical position—its internal strength or weakness contributes to news sensitivity. If stocks are in strong hands the market is far less susceptible to published news than when the opposite conditions obtain and the public is largely in the market.

Of course, it goes without saying that the market that is defying all news and weathervanes in a helter skelter of prices is as dangerous as the market whose very internal weakness has laid it open to the vagaries of every chance bit of news. The market which the investor may enter unafraid is that one whose technical strength is such that it does not give undue weight to news flashes, and whose public following is not too large to disturb its orderly course. Moreover, such a market is not a utopian condition. It may be looked for in the near future, if it is not already in the making.

In the Next Issue

Will Rate Reductions Hamper Public Utility Earnings?

By Francis C. Fullerton

Utility rates are under fire in various parts of the country. Some reductions have already been made. But lower rates stimulate consumption. What will be the net effect on the position of leading companies?

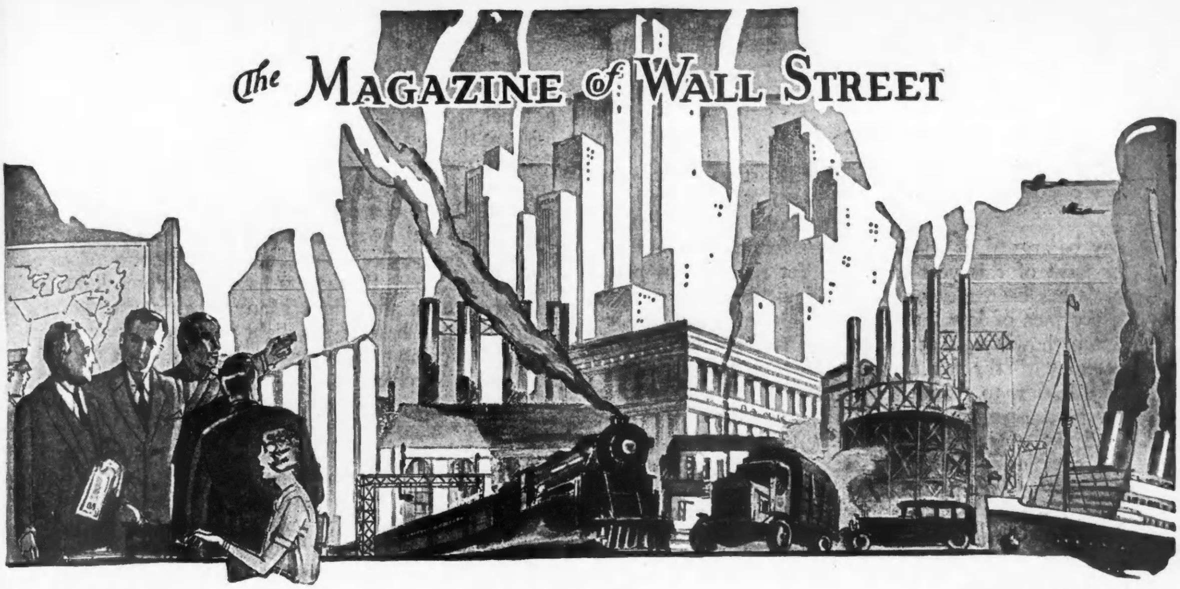
What the Bond Market Offers the Investor

By Russel Tayte

A timely and practical discussion of the trend in fixed income bearing securities which no true investor can afford to miss.

Opportunities Among the Oldest Dividend Payers

Companies which have paid dividends uninterruptedly for 25 years or more bear testimony of the highest grade management. A few in this group offer opportunity for safety of principal and prospect of future price enhancement as market conditions improve.



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Investment and Business Trend

Time for Reserve Tonic—More Attention to Bonds—Utility Costs—Autumn's Recovery—The Market Prospect

TIME FOR RESERVE TONIC

THE time has come for the Federal Reserve Banks to engineer prosperity.

We understand that the Board of the New York Federal Reserve Bank has been favorable to a policy of deliberate resuscitation of business for some time. The Reserve Board professes sympathy with the idea and even claims credit for having mildly applied it. The actual facts are that the Federal Reserve System has in net effect done nothing. The Reserve's assets are actually less now than they were eight months ago. Member bank reserve balances have increased, money in circulation has decreased appallingly and the total reserve bank credit is under a billion dollars for the first time in years. Rediscounts are less than $200,000,000! The one bright spot in the picture is the good gain since the first of the year in Federal Reserve holdings of government securities but during the last three trying months this type of open market operation has been at a standstill.

It is possible to make a good case for the contention that a considerable part of the present commodity slump, with all its attendant woes, is due to a contraction of non-speculative credit. Such credit, to keep in line with normal business expansion, should increase about 4 per cent a year. It has not done that for two years. The result is business emaciation. The way to cure business emaciation is to give it the nutriment it has lacked, namely sufficient credit. It requires the active intervention of the Federal Reserve banks to balance the diet of the business patient. It is true that the expansion of loans and investments of member banks so far this year has been about a billion dollars, but that has not been done with any net help from the Federal Reserve banks. Moreover, a billion dollars is not enough to make up for former short allowances. Emaciation requires increased food intake for a time.

Nothing but energetic open market operations by the Federal Reserve banks can now stimulate further loans and investments by the member banks. With such action commodity price trends can be flattened out where they are, with perhaps a little encouragement in the way of an upward slant. One argument against planned efforts to revive business hitherto by means of credit stimulation is that first "nature should be allowed to take its course" until the business patient is convalescent. It is generally believed that we have arrived at that stage. Business is technically cured but it needs a tonic to hasten convalescence. Convalescence is often followed by collapse if it is not carefully man-

aged. There is grave danger that unless the commodity descent be definitely checked the defeatist inertia of the last five months may become chronic.

It is up to the Federal Reserve System!

MORE ATTENTION TO BONDS

THE stage is set for an advance in the bond market but, it may be argued, it has been so set for many months—for most of this year in fact. Yet the gain in price levels has been meager and bond yields continue high in the face of low interest rates. It must not be forgotten, however, that bonds have suffered in popular esteem with the fall in stock values and public sentiment is slow to change. The institutional buyers have not been slow to recognize the opportunities in the bond list of recent months but the investing public has commonly ignored them. Sentiment, however, is changing—the prospect for continued ease in money rates, the long downswing of commodity prices, and the general tendency toward more conservatism in investments and a recognition of the desirability of having a bond backlog in the personal investment portfolio are all destined to react in favor of an improving trend in bond prices and a higher popular regard for fixed income bearing securities.

UTILITY COSTS

IT is not so long ago that public service corporations were arguing with heat and emphasis that the only fair way to value their properties for rate fixing purposes was to appraise it according to the cost of reproduction. The political radicals took the other side. Now the corporation executives are bawling out the economists and lawyers whose advice they followed. The reproduction costs chickens have come home to roost. Costs are down and the politicians will see to it that rates follow. But the radicals appear equally ridiculous in the light of events. They howled for actual dollars invested as the basis of rates, and they bewailed the rule of plutocracy when they did not have their way. Now the enemy's way has given them what they wanted and their own way would have kept them from it. Next, it will probably turn out that lower rates will increase volume and make it easier to realize the minimum returns the laws allow.

AUTUMN'S RECOVERY

ALTHOUGH we have been experiencing a downward trend in business for more than a year, the course of trade and industry has exhibited the seasonal characteristics common to other years. Thus, the Spring months held out some hope for a quickening trend which was subsequently reversed by Summer dullness—a dullness of considerable acuteness which accentuated the already existing unfavorable aspects of business and finally brought activity to the low point in the downward movement. Now we are entering the Fall season when the pace of industry is normally accelerated and signs are not lacking that this season will run true to form. Moreover, there are strong factors in the present domestic situation which will not only foster a Fall revival but should tend to prolong it to a point where definite, if gradual, recovery may be recognized as in progress. Perhaps the strongest of these favorable considerations is the low position of stocks of finished goods of all kinds and the potential buying power which must soon be released. In other words we have made great strides in catching up with overproduction and oversupply. Stocks of goods in retailers hands, in many important commodities, are low. Industries have kept close alignment between output and sales. Many lines are existing on a hand-to-mouth basis and a slight increase in consumers' demand may be easily translated into more aggressive buying by merchant and wholesaler alike. Nor is this increase in consumer demand a nebulous possibility. Wages of organized labor have been sustained but payrolls have been cut and purchasing has been conservative in both luxuries and essentials. The large quantities of goods purchased last year on installment terms have been retained by buyers, as is shown by the small percentage of repossessions, and by this time have been largely paid for. The outcome of these circumstances suggests a resumption of buying of all kinds of goods before much more time elapses, and such buying would gradually make itself felt throughout the entire business structure and mark the current Autumn as the beginning of a slow recovery phase of the present cycle.

THE MARKET PROSPECT

PREVIOUS depressions show us that recovery in business is in almost all cases preceded by recovery in security prices. The market anticipates more favorable conditions anywhere from one to three months. Therefore, if we acept the view tor gradual Autumn recovery indicated in the preceding editorial we have the basis for the recent action of the market and a fair clue to its near future behavior. During the forepart of August, the market steadily strengthened its technical position. With distribution well nigh complete, the dullness presented an opportunity for accumulation and, despite the much touted short interest (which is popularly envisaged as of huge proportions but actually probably is neither so large nor so well organized as imagined), the market began a moderate advance. The upward trend of prices has not been spectacular nor is it to be expected that it will be, but there is reason to assume from the market's internal strength and the prospects of gradually improving business that higher levels will slowly be reached. Reactions of perhaps a sharp but not long extended character are to be expected in the course of ensuing weeks but these should be regarded as opportunities for careful acquisition of sound issues and stocks of those companies in a favorable industrial position—mostly dividend payers which will carry themselves over an extended period. For, from present indications the progress of the market will be laboriously slow in the early stages of recovery. There is little reason for reaching even for the most desirable issues and patience will be well rewarded.

Monday, September 1st, 1930.

"*Mass Production Demands Mass Buying*"

Wages and Prosperity

By John P. Frey

Secretary-Treasurer, Metal Trades Department of American Federation of Labor

SINCE the collapse of the stock market last Fall and the depression in industry which followed, the question of wages has received much consideration. The subject has been given more public thought than during any previous depression, for there were some exceptional features involved and unprecedented governmental action to prevent the usual accompaniments of a developing industrial collapse.

As a result of the famous White House conferences last Fall, a number of the most representative industrial leaders pledged themselves to the policy of maintaining existing wage rates. At the same time the representatives of the American Federation of Labor pledged themselves to stand for the existing wage scales instead of endeavoring to secure higher ones.

The Wages Compact

It was quite essential that Labor's representatives should take that position, as those speaking for industry had gone farther than pledging themselves to maintain existing wages. They had agreed to launch great construction programs for the purpose of creating additional employment. If investors had thought that this new construction would be followed by demands for higher wages, it was obvious that the expenditures would not be approved by boards of directors.

Since then, this wage policy has been the subject of much consideration and discussion. Is it sound or unsound? Is it justified by past experience and practical economics?

Up to the present, popular opinion and the expressions of leading industrialists and financiers are in hearty approval. But the question is asked, why should the attitude towards wages be different during the present period of unemployment than during those of the past? Has there been a change in the natural laws of economics, in the law of supply and demand? In view of the fact that wholesale prices have fallen materially, and retail prices shown a slight tendency to lower, is it not necessary that wages should follow the course they have more or less invariably followed during periods when there was a lowering of prices?

If we are to examine the subjects sanely and in harmony with the economic facts, we can not depend wholly upon the experience of the past, any more than we could afford to think in stage coach terms when considering automobile transportation. The fact that both are means of conveyance, and both vehicles travel over roads, does not supply a full analogy. It is not sufficient for accurate conclusions. The use of the automobile has created conditions and problems of travel which could not be conceived of in the stage coach period.

The enormous increase of power to replace man's muscular effort in industry, the use of massive, intricate, automatic and semi-automatic machinery to which power is applied, which is rapidly replacing the workmen's craftskill, have not only revolutionized industry, but have created a condition which has placed the question of wages in a position never occupied before.

The effects of our modern industrial methods of production have revolutionized transportation and commerce as well as industry. We can no longer think safely in the terms of twenty-five or fifty years ago.

Our industries are principally occupied in producing the essentials, the necessities of our present day civilization, rather than the luxuries. The mass of the people have adopted advancing standards of living. It is this continually growing demand on the part of our people which determines the volume of production and commerce.

Mass Production Demands Mass Buying

The economic effect of this standard of living upon our business structure is not difficult to understand. In those countries where coolie labor is employed, the average home is a one or two room hut, frequently with an earthen floor. It contains but little furniture, and this is largely home made. There are but few kitchen utensils. There are no books, magazines and newspapers. The clothing consists principally of cotton shirts and trousers, straw hats and straw sandals.

The scanty wealth produced by the coolies makes it impossible for them to be large consumers. Coolie labor, with its low wages, and consequent low standard of living, cannot support a building industry. It cannot supply a market for furniture and clothing. The radio and automobile industry cannot find a market in its buying capacity.

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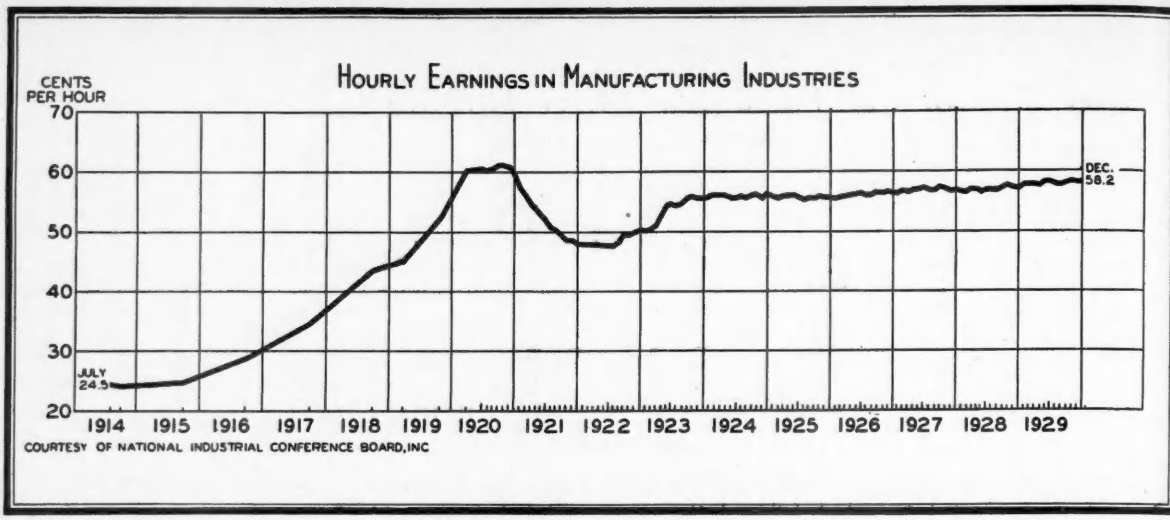

If coolie labor, with its low wage and debased standard of living, were to replace the mass of the wage earners in the United States, most of our basic industries would close their doors. Our railway systems would become idle and the newer industries which have absorbed a large number of wage earners eliminated from older industries because of more efficient methods of production, would vanish.

If We Had Sufficient Foreign Trade

If the consuming capacity of our people were reduced through lower wages, and our industries could find a sufficient export market for their product, bond and stockholders might secure satisfactory returns from their investments, even though the mass of the American people were forced to lower their standard of living. While our export market is of great importance to us, our export of manufactured articles in all probability is not over 5 per cent of our manufactured product, and our exports are continually meeting with more active resistance. Every nation today is striving to be as self-contained as possible by manufacturing what its citizens purchase.

Moreover, American capital in large volume has gone into these foreign countries. The American production engineer has followed. The statesmen, the financiers and industrialists in other countries are actively engaged in an effort to establish American methods of production, so that instead of importing, they can place themselves in a position to export.

The astonishing capacity of Americans to invent, their energy as salesmen, the superior character of many of our products, will continue to insure a large export business. But there are convincing reasons for believing that at its best, our future export of manufactured goods will represent but a small fraction of our total production.

Prosperity Rests on Home Market

Our all important market must be the home market. It is the purchasing power of this market which, more than anything else, will determine the volume of our industrial production.

Our national problem is not so much one of production as of consumption. Our industrial establishments, with their present equipment, even in the best of peace times, were limited by their ability to sell, rather than their capacity to produce.

We are told by government statisticians that if our present industrial plants, with their existing mechanical equipment, were to operate at full capacity eight hours a day 150 days during the year, their output would be sufficient to meet the present home market demand during normal times.

Even if these statisticians have erred by 50 per cent, it is apparent that it is essential to increase the purchasing ability of the mass of the people, so that business may flourish, the investor receive a return for his money, and the wage earner find opportunity for employment. But our present industrial capacity to produce is not static. It has not reached its maximum. There is evidence at every hand that we are only beginning to test out the capacity of power and machinery to produce.

Products Are Useless Without Buyers

We are increasing the use of power to machinery at an astonishing rate. In 1869 there was but 1.14 horse-power per wage earner applied in our American industries. The use of power was slow in developing, for thirty years later, in 1899, the horsepower per wage earner in our manufacturing establishments was but 1.90. But in 1927 it had increased to 4.65, and when the present census is tabulated it will probably be found that there has been an even more rapid increase of power per capita in our manufacturing plants.

This rapid increase in the use of power, the introduction of new types of machines, the improvement in technical and chemical processes, the more intelligent direction of production, have created an entirely new economic situation. Power and machinery in a most extraordinary manner have taken the place of the workman's brawn and skill. *To be beneficial to national prosperity, this increased capacity to produce must be accompanied by an increasing public ability to consume.* There is only one way to do it.

We have learned as a result of modern industrial production that comparatively high wages do not necessarily mean an equivalent high labor cost. An effective illustration of this can be found in the coal industry. Our latest coal mining statistics from Great Britain show that the average amount of bituminous coal produced per mine worker per day is slightly over one ton, while the per capita output per day by mine workers in the United States is well over 4½ tons.

In reality despite higher wage rates, coal is mined in the United States at a considerably lower labor cost per ton than in England.

The dollar and cent wage of American automobile workers is double and treble that paid in European countries, yet the labor cost for manufacturing is lower in the United States.

It is true that due to the exceedingly low wages and low standard of living, producers in some foreign countries can manufacture some products at a lower labor cost than in the United States, but it is evident from statistics gathered from other countries, that many of our American industries produce at a lower wage cost than other lands.

Wages Up, Prices Down

For some time, and particularly since the World War, we have witnessed in a majority of our industries the phenomenon of increasing wage rates accompanied by constantly reduced manufacturers' prices.

It does not follow, as it would have done in the stage coach days, that higher wages should be accompanied by higher prices, for one of the magical effects of modern industrial production is to create constantly lowering labor costs through policies which include materially higher wages.

Power applied to machinery has enabled industry to increase production enormously. A doubled wage rate over that paid a few years ago has been followed in many instances by trebled and quadrupled production per capita. In some establishments the output per workman has been increased a thousand per cent and more. There are industries, glass bottle blowing and window glass being examples, in which power and machinery have practically eliminated human labor. What few workmen are employed are machine tenders or inspectors. They can not guide the process or operate the machinery for it is wholly automatic. They are present to keep the machinery in working order and stop it when something goes wrong.

It is largely because of these new conditions in production that we cannot consider the question of wages from the viewpoint of a few years ago, for our workmen's per capita output has been tremendously increased. This capacity to produce will be accelerated in the future unless a condition develops through some catastrophe which reduces the capacity of the American people to consume.

The economic problem, so far as wages are concerned, seems to depend upon a sane understanding of the necessities of industry and commerce. Our national industrial problem is no longer one of production. That has been solved. The all important problem is to assure the American's ability to consume.

There is a physical limit in the people's capacity to make use of most agricultural products. If more cereals, fruits, vegetables and meats are produced than are necessary, the surplus must either be exported or go to waste and serve to lower the farmers' income.

But no such condition exists in industry. There is no limit to the demand for better homes to be built and bought and the superior equipment and furnishings to be placed in them. There is no need to limit the thousand and one things of which we can make use. The only limit is our ability to purchase.

A New Policy

It was from a long study of these facts that the American Federation of Labor in 1925, was led to adopt a new policy on the wage question. Formerly wage earners had referred to a fair wage, a living wage, a saving wage. These were not capable of concrete definition, but were generalities.

What employers thought of was the continual demand for higher and higher wages, and in opposing these they were supported by the economics of the stage coach period.

The wage earners asked for more and more because they hoped to secure at least a portion of their request, and at times when they became dissatisfied they demanded it; the heat of conflicting motives and viewpoints obscuring some of the fundamental economic facts.

The leaders of the American Federation of Labor realized that wages could not be paid unless wealth was produced. They grasped the economic fact that the welfare of industry and commerce was bound up with the question of wages and the volume of production. In stating their new attitude toward the question of wages they declared, in substance:

"That industry and commerce must suffer unless the worker's real wage, the purchasing power of wages, increased in proportion to industry's increasing capacity to produce."

It was new ground for trade unions to take. It placed the question of wages upon an entirely new plane.

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Industry Plays for Big Stakes in Power

Aluminum Co., Allied Chemical, American Cyanamid and Others Actively Engaged on Huge Construction Projects. Such Developments Plus America's Extensive Natural Resources a Bulwark Against Prolonged Industrial Depression.

By W. R. Smith

AMERICA'S level of trade and industrial activity may be temporarily low; but we have no reason to believe that it is permanently depressed.

As a matter of fact, the great wealth of America's natural resources, and the recent unfolding of huge industrial program for developing these natural advantages, serve as an effective cushion for just such a temporary, severe fall as the present. And with a continuance of the increasing interest now being manifested in national conservation programs, such resources and their development along highly efficient lines should serve as a definite assurance of renewed prosperity for many years to come.

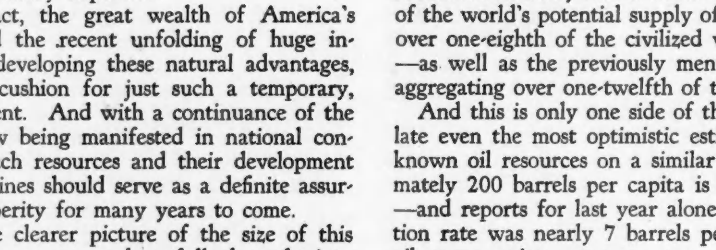
But let us get some clearer picture of the size of this storehouse of natural resources, so boastfully brought into the picture whenever America's future is discussed. First, and perhaps most important, is the question of reserve power. It has been conservatively estimated that around 55,000,000 horsepower is the potential waterpower that could be developed in this country without excessively expensive storage, and be continuously available for at least six months of the year. And yet of this huge reservoir of power, only some 11,000,000 horsepower has as yet been captured and put to work. No wonder our aggressive industrial giants are eager to obtain key positions in a game with such unlimited possibilities.

Turning to some of the other important sources of power, and speaking in terms of a few homely yardsticks with which most of us are familiar, America's coal reserves are estimated to amount to around 23,000 tons for every individual in this country — man, woman and child; and yet this tremendous coal pile is being consumed at the rate of only around six tons per year per individual. Enlarging this comparison to an international basis, it is conservatively estimated that American industry has available approximately one-twelfth of the world's potential supply of water power and slightly over one-eighth of the civilized world's total of petroleum —as well as the previously mentioned huge coal deposits, aggregating over one-twelfth of the total world's supply.

And this is only one side of the picture. If we recalculate even the most optimistic estimates of known and unknown oil resources on a similar individual basis, approximately 200 barrels per capita is the best figure obtainable —and reports for last year alone reveal that the consumption rate was nearly 7 barrels per individual. Obviously, oil conservation programs are a national necessity, even though our coal supply appears ample; and despite the fact that most gratifying progress is being made currently toward increasing the effectiveness of each barrel of oil produced, particularly through the new hydrogenation process, developed and promptly placed before the rest of the petroleum industry by the Standard Oil Co. of New Jersey.

If we single out the potential water power reserve figure, previously mentioned, and reduce it to an individual basis, the amount becomes about one-half a horsepower per man, woman and child. But of even greater significance to the far-seeing industrial corporations is the fact that close to 80 per cent of this valuable water power is still undeveloped and available for commercial harnessing today.

Looked at in a slightly different light, water power is estimated to be furnishing only around 5 per cent of the total energy utilized by people in the United States at the present



Ewing Galloway Photo

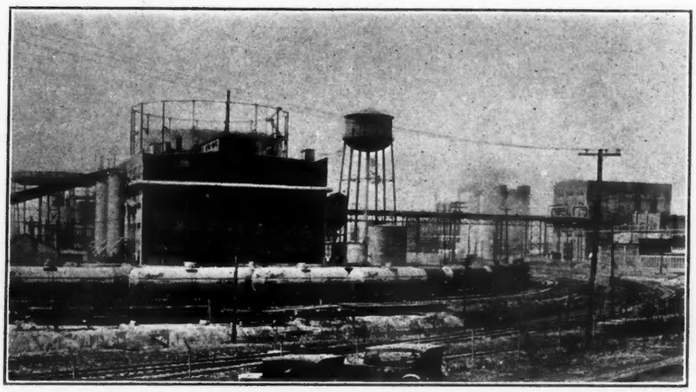
Wilson Dam on the Tennessee River—Muscle Shoals Development

time. Realization of this fact, as well as the essential cheapness of water power and its many advantages, as compared with utilizing a constantly diminishing supply of coal, oil and similar national resources—not to mention the basic permanence of water as a source of power—undoubtedly accounts for some of the large water-power development projects that are now under way.

An increasing number of large American industrial organizations, which utilize processes necessitating large amounts of cheap electric power for their successful operation, have been unusually active during the past few years in acquiring strategically located water-power sites, or hydro-electric plants already constructed and in operation. Today these corporations enjoy a manifest advantage over their competitors, insofar as the important matter of power costs is concerned; and from an investor's standpoint, the future progress and development of these concerns is based upon a broader and much sounder foundation.

Our own government has played no small role in this extensive hydro-electric power development. The Wilson Dam at Muscle Shoals on the Tennessee River is one of the largest of these government owned water-power reserves; and the new Boulder Dam project, when completed, will add still another huge source of electrical energy.

Boulder Dam is a $165,000,000 enterprise in itself, not only for the purpose of generating and selling hydro-electric power, but also to regulate the Colorado River in its wild annual rampages which have caused untold damage in the past to the surrounding territory. Irrigation of the Imperial and Coachella Valleys is a third important goal in this project.



Courtesy, Chemical & Metallurgical Engineering

Allied Chemical and Dye Plant at Hopewell, Va.

Certainly Boulder Dam will be of material benefit to those industries and companies fortunately situated to take advantage of the abundant low-cost power provided. Undoubtedly also, it will in due time stimulate a few far-sighted industrial organizations to undertake similar hydro-electric projects on a smaller scale in the richly endowed surrounding territory. But in connection with such large-scale development of our national power resources by the government, it is well to remember that recent history reveals some unfortunate lobbying activities in the halls of Congress—particularly as political pressure was brought to bear on senators and representatives in order to obtain preference in the allocation of the power itself, or the right to lease for private commercial use these giant hydro-electric plants.

Muscle Shoals

Although Muscle Shoals has been the subject for years of political debate and many heated individual public discussions, yet the intrinsic value to the country of this gigantic war boom project should not be overlooked. With the addition of its entire complement of generators, Muscle Shoals could develop its reported full capacity of 440,000 horsepower—in sharp contrast with the present almost complete idleness of this gigantic plant, except for a relatively small amount of power produced and sold to the Alabama Power Company.

Despite its supposedly great value for political purposes, Muscle Shoals has attracted the attention of some of the large and more progressive industrial corporations as a source of cheap energy for strictly private commercial purposes. Such concerns as the Aluminum Co. of America, American Cyanamid, Allied Chemical & Dye and Union Carbide & Carbon have at one time or another had an active interest in acquiring power from this sleeping giant of the Tennessee River.

And certainly the widely heralded offer of Henry Ford to take over and develop Muscle Shoals on an amazingly extensive scale must not be forgotten. Mr. Ford's engineers made a characteristically thorough and complete survey of the possibilities of this project and the surrounding territory, both as a source of cheap power and for development into a large supporting industrial community—a second Ruhr Valley of Germany, with its world-wide commercial importance. His engineers' report was unreservedly favorable—clearly bringing out the strategic location and valuable resources which this territory offers. No doubt this appraisal has had much to do with the keen interest expressed in recent years by other large industrial organizations.

As an example of this trend, the Aluminum Co. of America has greatly fortified its already strong industrial position by a policy of acquiring larger water-power sites and developing them each year by substantial appropriations from its surplus and earnings. The very nature of the process employed for producing metallic aluminum requires large amounts of cheap power; some 20,000 kilowatts being the customary requirement for each ton of aluminum produced. The 1930 budget is reported to have included around $12,000,000 for development work, mostly in the power field; and in addition, there was around $18,000,000 carried over from the 1929 budget, and as yet not fully expended.

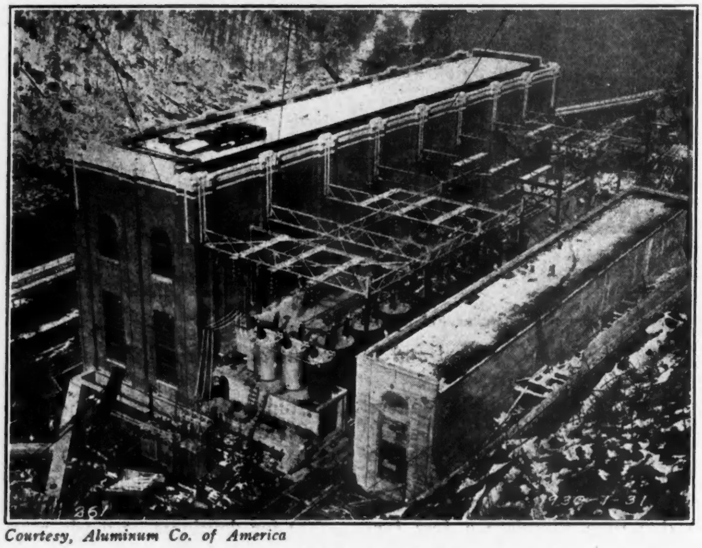
Aluminum Co. of America

Most of this water-power development work has been carried out in Western North Carolina and in Eastern Tennessee, and includes the construction of three dams and active work on the fourth. Plans for as many as eight dams have been considered, involving a total expenditure of over $100,000,000—indicating the ultimate possibilities of this single private hydro-electric venture. Obviously, it will take a number of years to complete such an outstanding and ambitious expansion program; but in the meantime, the Aluminum Co. is going ahead with one dam at a time, carefully analyzing each project's ability to lower costs just as soon as it is completed. Not being tied down to any necessity of completing the entire $100,000,000 of contemplated expenditure, in view of the "independent" unit-type of construction plan so far adopted, the Aluminum Co. officials may at any time see fit to alter their long-time

plans, particularly if later on more favorable opportunities are to be found for obtaining electric power at lower cost.

In addition, the Aluminum Co. owns the huge Chute à Caron hydro-electric development on the Saugenay River, Quebec, with a capacity of some 800,000 horsepower—nearly twice that of Muscle Shoals, were it to operate at its full estimated capacity. Through the foresight of the management, it is clear that an abundance of cheap electric power for producing pig aluminum is assured for many years to come, irrespective of any diminution in the national resources of coal, oil or gas that may occur. And as a still further safeguard, the Aluminum Co. owns a block of around 2,500,000 shares of Niagara Hudson Power Corp. common stock—an investment in one of the most strategically located power controlling organizations in upper New York State. This large block was originally acquired in exchange for the financial interest which the Aluminum Co. formerly held in the St. Lawrence Securities Co. and the Frontier Corp.

Investors may rightly expect that these far-sighted policies will sooner or later find reflection in the prices of Aluminum Co. common stock, currently quoted on the New York Curb at around 220. In addition to its world dominance in the aluminum producing and manufacturing field, this common stock clearly has interesting speculative possibilities as a quasi-public utility issue.



Courtesy, Aluminum Co. of America

Power House of Calderwood Development, Aluminum Co. of America

While the American Cyanamid Co. produces a wide variety of products—some 150 different items produced in 20 or more plants—yet the need for abundant and cheap electric power in some of its basic chemical processes is a very importance one. Along with the Union Carbide & Carbon Co., American Cyanamid was among the first to recognize the great possibilities of Muscle Shoals for low-cost industrial power, and promptly endeavored to obtain a lease from the government to operate this great idle plant.

But whether the company is successful in this particular acquisition or not, hydro-electric power for its large fertilizer-producing plants and other chemical subsidiaries must be obtained; and as an independent step to insure economical operation, water power sites have been sought through its subsidiary, the Holston Power Co., with the intention of constructing three dams and three power plants in Eastern Tennessee. If carried through to completion, this project alone will amount to some $35,000,000—not to mention the possible additional cost of obtaining power from Muscle Shoals.

American Cyanamid's management is clearly preparing a solid foundation for the many important developments that are anticipated in the chemical industry during the years immediately ahead. While this company is reported to have been able in the past to produce synthetic fertilizer some 33 per cent cheaper than any of its competitors, the foundation of abundant cheap power now being made bids fair to insure continuance of low operating costs and added returns for its stockholders in the future.

In addition to this rapid development of the huge water-power reserves of the country, considerable progress has been made during recent years in the production of nitrates by synthetic methods, thereby making American industry much less dependent upon the extensive nitrate deposits of Chile.

In this synthetic mastery of the air—this singling out and wresting of nitrogen from the most common and unlimited source available—a number of well known industrial organizations have made important contributions, since nitrogen is a basic component of the large annual production of fertilizers, as well as widely used industrial chemicals. Mathieson Alkali, Union Carbide, American Cyanamid and others have all played important parts; but just at present Allied Chemical & Dye Corp. has assumed a leading roll with construction already started upon the second large unit of its fixation-of-nitrogen plant at Hopewell, Virginia. The cost of this second unit is estimated at from $20,000,000 to $30,000,000 and is only a part of a far-sighted five years' expansion program, all of which is being financed out of the huge reserves and earnings of this leader in the United States chemical industry. The first unit of this nitrogen plant at Hopewell started operations early in 1929, and is already contributing substantially to earning power.

As a national project to make the United States independent of foreign nitrate-producing sources, the new plant of the Allied Chemical & Dye Corp. is of prime importance. Eventually this program is expected to involve an expenditure of close to $125,000,000; and when completed, will provide the world's largest plant for producing nitrogen from the air. The significance to this country as a whole of the completion of such an independent nitrogen-producing plant is not fully appreciated just now; but in the event of war or extensive demands for ammunition, the strategic advantage of having our own nitrate supply is of incalculable value.

Adequate Nitrate Supply

Prior to the construction of this plant by Allied Chemical, the chief sources of nitrogen supply were found in Germany and Chile. The Haber-Bosch fixation process was employed in the former, leaving the sodium nitrate deposits—in rock and nitrogenous waste form—of Chile as the world's most important natural source of nitrogen. And while the Anglo-Chilean Nitrate Corp., which is owned by the Guggenheim interests, has an important interest in this Chilean enterprise, yet in time of war the United States would be sadly handicapped without its own independent and dependable supply of nitrogen—both for explosives and for fertilizer.

In recent weeks a plan has been formulated for placing the Chilean nitrate industry, in common with European producers, on a sounder basis—possibly as an answer to the expected keen competition from Allied Chemical's new mammoth nitrogen-producing plant. World nitrogen prices collapsed in 1926-1927, when the first unit of this plant was announced; and in recent weeks, despite the combination of producers, still further price weakness has been witnessed. This new nitrate "trust" is described as a $375,000,000 corporation called the Chile Nitrate Co. The Chilean government is reported as the owner of 50 per cent of the trust's 300,000,000 shares, and the Guggenheim interests are expected to hold a large percentage of the remaining shares. Instead of the present $30,000,000 revenue derived by the Chilean government from nitrate exports, it is planned to abolish the export tax on nitrates and depend almost entirely upon the dividends from the government's large holdings in this new trust to maintain Chilean finances. Lower overhead for the producers is anticipated; evidently still more fuel is being added to the fire of competition.

Allied Chemical

Whatever the outcome of this conflagration, the completion of the two Hopewell units—the largest single capital enterprise in Virginia—will materially enhance the already enviable position which Allied Chemical occupies today in the chemical field; a position which has been strengthened without interruption since the consolidation of its original five subsidiary companies in 1920.

It is the far-sighted managements of a few of our large industrial corporations that are today contributing the most notable efforts toward the efficient development of America's natural resources. True, American industry is playing for big stakes in water power; it is also speculating shrewdly and on a typical war-time scale in the equally important and essential nitrogen industry—and investors who appreciate the unlimited possibilities of such a venture are afforded an excellent opportunity to share in this ambitious program through Allied Chemical common stock. It is a sound and attractive investment in the unquestioned future of the chemical industry.

Industry's New Interest in Power

The public utility industry has developed with increasing momentum in recent years. Its securities have come to be recognized by the large majority of substantial investors as issues combining sound management, closely regulated by state commissions, with an annual growth factor that can be counted upon to persist regardless of booms or depressions. But when the combination of a giant industrial corporation, relatively unhampered in its profit possibilities by any commission restriction, and a huge power project is formed, the result should possess even greater possibilities for for the future—and particularly for the corporation's stockholders.

Our leading industrial organizations are becoming increasingly aware of the prime importance of low-cost and abundant power as a factor in their rate of growth and ability to compete successfully in the years ahead. With competition on a price basis near the "cut-throat" stage and fought to a standstill, the power-acquisition trend assumes major importance. It is a case of the survival of the fittest, and one of the most probable solutions is still greater economies in the already closely-scrutinized item of production costs. The battle for the remaining undeveloped power sites appears to have only just started; certainly the future holds forth amazing possibilities.

An Appraisal of America's Natural Resources

A Summary for the MAGAZINE OF WALL STREET by the Secretary of the Interior

THE Pilgrim fathers and the settlers along the James River were very fortunate in landing upon a continent rich in forests and plains, rivers and lakes, in coal and oil, and in great mineral resources. The natural wealth of the continent formed the basis for the rapid development of a great nation. We have been prodigal in our consumption of irreplaceable natural resources and careless in the handling of our plant life and of our water resources. We based agriculture on a fertile soil and dependable climate over a large part of the continent. The conquest of the West brought out the need of controlled water for power and irrigation. We have settled our country from shore to shore, and while the day of exploitation has not passed in such wastes as those of petroleum and natural gas, we are beginning to think in the terms of a new conservation. Those valuable products which cannot be replaced are being sanely developed and we are endeavoring to replace our destroyed forests, to stop floods and soil erosion, and to control that excessive grazing which leads to damaged watersheds.

Secretary R. L. Wilbur

Our thoughts of conservation too have concerned themselves not only with parks, playgrounds, recreation centers, the protection of fish and game, but with the conservation of child life upon which all of our future wealth must finally rest. The new conservation is thoughtfully based on scientific work, is guided by the expert, and is a measure of desirable thrift, upon which in the long run all prosperity must depend.

The spectable of a stock actually selling close to its quick asset value is not uncommon in these days of low prices.

What does the cash position of a stock signify, and what is its relation to market price?

How to Appraise the "Cash Position"

By William Parker

NOT long ago the stock of the White Motor Company, with no bonds or preferred ahead of it, was selling in the market for less than 26 million dollars, although its net current assets of over 28 million in addition to plant and equipment carried at a depreciated value of over 9 million. Nor is this an unusual case. Not a few stocks have recently been noted selling below the quick asset value, and the question might well be asked: "What is the relationship of cash position to market value?" The answer of course is to be found in the statement that the price of a stock represents the market's estimate of future earnings power of the assets behind it. Consequently the analysis of asset values of stocks is valuable primarily for the light it throws on the problem of earning power.

Gilt edge, gold bonds rise and fall in price as the purchasing power of their interest payments, or the general rates of interest fluctuate. Even gold dollars change in value in times of rising or falling price levels in proportion to the quantities of goods for which they can be exchanged. So securities, backed 100 per cent by gold, or cash can nevertheless experience considerable price variations.

Stocks of many coal companies notoriously sell regularly at prices far below their balance sheet values. These companies own admittedly valuable coal deposits, but due to the equally admitted fact that they can only derive meager annual incomes from their vast properties, their stocks are priced at a fraction of their apparent asset worth. This situation is also that of many mining companies and to a less degree of railroad and steel companies. In fact, it seems to be generally true of companies owning large fixed assets that their stocks tend to sell below their asset, or book values.

Just the opposite is true of companies, earnings of which are based upon ownership of patents, trade-marks, or good-will acquired by early establishment, or advertising, upon consistently superior management. Such companies, good examples of which are Lambert, Vick Chemical, Drug, Inc., Warren Bros., American Can Co., and numerous others, notably bank and insurance companies normally have their stocks selling well above their asset values. In this group, investment companies would logically find their place, but due to the recent unfortunate experience of some of the best known and largest ones, the short record of most of them and the consequent inability of the investor to discriminate between them, nearly all such stocks are currently selling below their cash

Cash Position in Equipment Stocks

American Car and Foundry

Apr. 30	Cash, etc. Per Share	Earnings Per Share	Average Price Per Share	Price Earnings Ratio	Dividends
1925	$47.7	$6.77	$106.6	15.6	$6.00
1926	47.7	6.67	103.2	15.5	6.00
1927	46.4	4.16	103.	24.7	6.00
1928	44.	2.76	99.8	36.2	6 00
1929	30.7	1.03	90.7	88.	6.00
1930 to Aug. 15	24.3	5.44	62.3	11.4	6.00

American Locomotive

Dec. 31	Cash, etc. Per Share	Earnings Per Share	Average Price Per Share	Price Earnings Ratio	Dividends
1926	$39.2	$7.45	$105	14	$8.00
1927	35.7	4.80	107.7	22	8.00
1928	32.4	1.88	101	53.6	8.00
1929	15 5	5.40	113	20	8.00
1930 to Aug. 15			72	13	4.00

Baldwin Locomotive (Note)

Dec. 31	Cash, etc. Per Share	Earnings Per Share	Average Price Per Share	Price Earnings Ratio	Dividends
1925	$104.45	d$6.02	$126.5	....	$7.00
1926	99.30	26.71	130.5	5	7.00
1927	68.05	8.54	204.5	24	7.00
1928	49.80	d3.41	260	....	7.00
1929	41.34	4.51	115.75	25.7	7.00
1930 to Aug. 15			121.18	26.9	7.00

Note—Figures for Baldwin have been adjusted through 1929 and 1930 to the basis of 200,000 shares outstanding up to Oct., 1929.

Cash Position of Market Leaders Compared

1923 Price	1923 Earned Per Share	1923 Price Earnings Ratio	1923 Cash, etc. Per Share	Company	1929 Price	1929 Earned Per Share	1929 Price Earnings Ratio	1929 Cash, etc. Per Share
68	$7.61	$8.9	$23.19	Allied Chemical & Dye	256	$12.60	20	$51.79
60	6.09	9.8	2.69	Union Carbon & Carbide	72.5	3.94	18.4	7.60
116	19.64	5.9	39.28	American Can	124 75	8.08	15.6	6.86
146	14.95	9.7	14.43	American Tobacco	248.75	11.52	21.6	12.96
208	18.25	11.4	50.63	General Electric	70.5	2.24	31.4	17.15
59	6.65	8 8	5.55	Westinghouse Elec. & Mfg.	143.5	10.03	14.3	11.53
4	0.28	14.2	3.76	Radio Corporation	41	1 57	26	4.88
39	2.11	18.5	4.32	Standard Oil of N. J.	71.5	4.75	15.2	9.52
102	16.42	6.2	28.23	United States Steel	164.5	21.19	7.7	24.04
15	2.67	5.6	9.12	General Motors	44.5	5.44	8.1	2.92
60	8 84	6.8	34.16	American Smelting & Refin.	66.5	10.02	6.6	13.94
63	9.06	7	2.73	Consolidated Gas	105.75	4.75	22.2	1.25
129	11.11	11.16	7.90	American Tel. & Tel.	210	12.57	20*	3.13
85	6.07	14.	15.53	International Harvester	76.5	7.11	10.6	5.87

Note: Earnings per share in the two periods cannot be directly compared because of possible changes in capitalization.
* Adjusted in part to increased number of shares.

liquidating values and temporarily at least, belong in the first class.

It is clear that the assets behind a stock, or its book value are not by themselves a trustworthy index of its market value either in good times or bad. Their value to the stockholder must be judged in connection with other equally important factors, as the experienced banker, or investor well knows. None the less, it is essential to know what such assets are and to have a fair idea of what they are worth, not only to the company as a going concern, but also in case of liquidation what they will bring upon sale; in the worst conceivable case, upon sale as junk. Plant and equipment can usually be sold only at a substantial discount from their balance sheet, that is, well below cost.

Accounts and notes receivable, while ordinarily good for at least 95 per cent of their face amount in case of the going concern, are frequently found to be honeycombed with "bad debts" when a company fails. Such impaired current assets may indeed be the immediate cause of the bankruptcy. No stated discount can be arbitrarily deducted from them in estimating net assets behind a stock, but each company must be judged by itself according to the nature of its business, the situation of its customers and debtors and the past record of its credit manager. In bad times, current debts are naturally less apt to be paid promptly and should be considered a danger signal if unduly large. Farm implement companies, for example, may suffer unusual losses on the farmers' paper they carry, due to the disastrous effects of the drought.

Inventories frequently constitute a large part of "current assets" and are a very important indicator of company's position as the source of large speculative profits or losses. This is particularly true, for instance, of the rubber companies which carry, in case of the larger concerns, as much as three months' stocks on hand. It is also true of the leather companies. In both of these industries, the inventory problem grows out of the wide fluctuations in the prices of their raw materials, crude rubber and hides and leather. In times of falling prices, both raw material and finished goods inventories must be marked down from balance sheet prices if carried at the market or if carried at cost when the market is lower. Most companies now follow the sound practice of carrying inventories at market or cost, whichever is lower, but as they report only quarterly, or at longer intervals, it is necessary for the careful investor to estimate for himself what has happened to their value since the last report, or to forecast changes according to the price trend of the goods in stock. Inventories of staple goods especially when non-perishable as copper, and the other metals, are much easier to value than perishables or finished goods subject to style changes as in the textile and novelty trades. As in the case of accounts receivable, no fixed rule can be given for estimating inventory liquidating value.

Companies in Depressed Industries

	1929 low	1930 low (to Aug. 20)	Cash, etc. Per Share	Net Current Assets Per Share
Mack Truck	55⅛	46¼	$3.60	$45.00
American Sugar	56	47	94.40	126.00
International Silver	95	69	40.70	166.70
Amer. Agricultural Chem.	4	4⅝	18.00	70.00
Cuban Amer. Sugar	6⅞	4½	5.69	19.00
American Woolen	5⅞	7½	29.00	146.00
U. S. Finishing	22⅜	10⅜	4.00	13.00
U. S. Rubber	15	20	11.48	54.00
Goodrich	38¼	21	10.70	72.00
Miami Copper	20	15	4.00	8.16
Abitibi Power & Paper	34¼	22	1.23	12.70
American Beet Sugar	5¼	5½	2.80	13.00
U. S. Leather	5	7⅛	3.50	66.00
Thompson Starrett	5	9	4.90	5.83

Circumstances affecting each individual company and industry must be considered. The preferred and common stocks (total capitalization) of International Silver Company recently sold at a combined market value of $12,829,449 although net current assets as of December 31st, 1929, totaled $15,206,000. This price not only discounted net liquid assets by over $2,000,000, but allowed no value at all to the $4,862,000 plant. The explanation

(Please turn to page 772)

¶ *Retail Trade presents many conflicting angles. Until recently it has run ahead of general business. Volume has been large but prices lower, and wholesale levels are still descending.*

¶ *What then is the outlook for leading groups of merchandising companies and their securities?*

Merchandising Prospects in a Buyers' Market

By William L. Chadwick

RETAIL trade is justly regarded as one of the best indices of general business, and yet apparently it has not run true to form in the current year. The phenomenon of a generally increasing volume of sales in the first few months was observed in the face of a sharp cline in industrial activity. And then, just when business prophets began to profess to see a modest improvement, either actual, or in the near future, retail buying turned at least temporarily, downward.

One explanation of this reversal is that we are now in a buyers' market. It takes some time for a decline in wholesale commodity prices to reach downward through the retailer to the ultimate consumer. The consumer of average intelligence knows that for a long time the price curve of commodities, in round lots, has been downward. He can pick up his paper any day and see that wholesale prices are lower than they were a year ago—and yet, with few exceptions, he has been paying as much for his necessaries as he did before the general recession began. Naturally this induces him to give pause to his buying. There is a kind of resentment surging within him. With his own income cut down, the purchasing power of his dollar has not increased commensurately. One can sense the resentment of the consumer by casual conversation with any average person on the street, at the cigar counter, in the barber shop or elsewhere where strangers frequently engage in conversation.

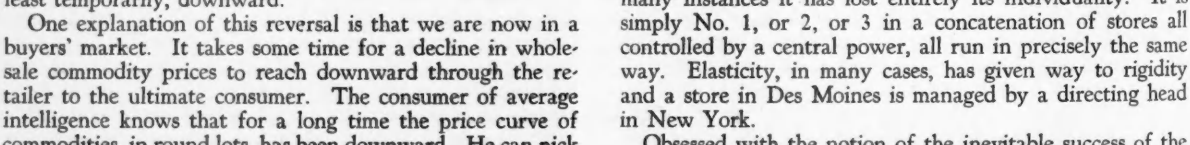
Power of Consumers

Mass consciousness apparently has asserted itself at last. The knowledge has come to the consumer that he is not getting that to which he is entitled. Generally inarticulate because, of necessity, he cannot act in concert with others, cannot obtain the strength that lies in union, the individual consumer begins to think the same as every other individual, and the result is lessened buying—poorer retail trade.

Even the least observant cannot have failed to note that there has been a decided change, in the past few years, in retailing methods and in the status of the retail business. Merchandising has gone into the hands of large interests. The chain store is everywhere. Even the large department store, so long exempt, has become a part of a system. In many instances it has lost entirely its individuality. It is simply No. 1, or 2, or 3 in a concatenation of stores all controlled by a central power, all run in precisely the same way. Elasticity, in many cases, has given way to rigidity and a store in Des Moines is managed by a directing head in New York.

Obsessed with the notion of the inevitable success of the chain store, the big mail order houses, a short time ago, began a program of expansion. They opened retail stores throughout the country, little ones, medium sized ones and stores that would compare in size of building and stock carried with many great department stores. On May 5th, last, Sears, Roebuck & Co. had 320 retail stores in operation. In the past two years Montgomery Ward & Co. has placed in operation 532 retail units. Not to be entirely outdone by its larger rivals National Bellas Hess Co., Inc., has opened about 50 retail stores. Butler Bros., formerly a wholesale mail order house, also has entered the retail trade, through its subsidiary, Scott Stores, and at the latest report had 70 units in operation.

Perhaps nowhere has the increase in the number of separate stores been so great as in the retail grocery trade. Early in the year the Great Atlantic & Pacific Tea Co. had 15,000 units in 34 states and in Canada, and under its program probably 100 more have been added since. Seeking to emulate this company the smaller concerns—small only by comparison—pursued, in 1928 and 1929, a tremendous, if not always wise, program of expansion. Since



1927 the Kroger Grocery & Baking Company has added about 1,800 stores, bringing its total to about 5,600, and in addition has recently entered into an agreement with Sears, Roebuck whereby it will operate the meat and perishable food departments in the retail stores of the mail order house. Safeway Stores, Inc., has nearly 2,700 units; First National Stores, Inc., 2,550; American Stores, Inc., 2,675; National Tea Company, 1,604; Grand Union Company, 650, and Metropolitan Chain Stores about 148. Besides these there are innumerable smaller chains. The companies here listed operate close to 31,000 stores.

Less Expansion

It seems strange that presumably hard-headed business men would have given heed to the theory that profits automatically increase with expansion in the size of an organization. And yet, if one were to judge from the mad scramble among grocery chain store companies in the past two years, to add to their units he logically would be led to believe that this was exactly the theory held. Each concern apparently tried to outdo the other, like the fabled frog seeking to distend to the proportions of the ox. But the reaction has set in and the same companies not only are proceeding slowly in the matter of absorbing or creating other units but they are ridding themselves of many of the smaller and unprofitable ones. They have realized that an unwieldy, though vast organization can be less profitable than a unified, smoothly working one, even though the latter has no particular ambition to be the greatest of its kind in the world.

It would appear that the consumer is about to reap some of the benefits of the lower wholesale commodity cost, for already many of the big merchandising concerns have announced cuts in prices. If there is anything that can stimulate sales, aside from a pick-up in general business, it is low prices. Recognition of the need of sales stimulus is evidenced by the 10 to 25 per cent mark-down in Sears, Roebuck's fall and winter catalogue and a comparable decrease in prices by Montgomery Ward. Competitors undoubtedly will follow with similar reductions, so that it is entirely within the range of probability that total sales may be increased, without materially adding to the dollar volume of business. It is difficult, therefore, to see where the merchandising organizations, are going to be able to equal, in 1930, their profits of the previous year except for the advantage in lower wholesale prices which may benefit the merchant in his re-stocking. Here and there sporadic gains may be shown, but the outlook for general improvement is not bright for the balance of 1930.

Higher or Lower Purchasing Power

Of course the most important factor in any plan for increase in sales is the purchasing power of the consumer. Will it be enlarged or contracted during the remaining months of the current year? The question is easy, but the answer can come only with the close of the year. July employment was even less satisfactory than June's. August will probably show a gain in employment, due largely to the resumption of activity by the automobile companies, but this alone, while important in itself, will not reduce the unemployment total of the entire country very materially.

A very large proportion of the buying power of the nation rests with the farmer, or the small rural communities that are dependent on the farmer. Until the drought threatened a big decrease in the corn crop and even a marked drop in wheat production from early estimates, the prices of these two grains were scraping bottom. The upturn in prices coincidental with the crop reports, may result in a better price per bushel for the farmer, but if he has less to sell the gain in price may be offset by smaller sum total received. The raucous voice of the speculator in the grain pits on the Chicago Board of Trade, as he madly fights to execute his orders, is not generally regarded by Wall Street as the song of prosperity.

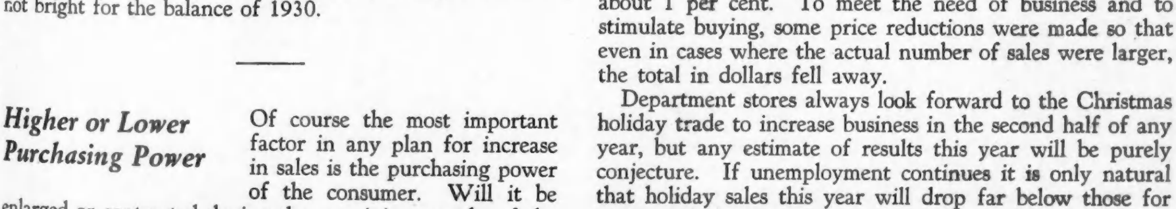
Having enjoyed an advantage over the manufacturing and the wholesale trade in first six months of the year, it does not seem likely that retail business can further increase that advantage during the latter half. Taken as a whole, however, it is to be expected that merchandising organizations will make a better showing comparatively for the full year than the other branches of business will. It is roughly estimated that aggregate sales at retail in the first half of the year were a little less than 5 per cent lower than for the same period last year. From reports already made for the first half of 1930 it is apparent that profits decreased more, due largely to a decline in commodity values. Chain grocery stores felt this less than department stores for the reason that the goods sold by the former are usually turned over more quickly than are articles on sale in dry goods and other department stores. But the very thing that served to reduce profits in the first half of the year may serve to increase them in the last half. Restocking has generally been at the lower price levels and unless this advantage is dissipated by a reduction in retail prices—as, indeed it well may be—there should be a slightly wider margin of profit. If the buyer holds out for reductions, then it is certain that this margin will disappear.

Department Store Outlook

There has been an almost universal decrease in the sales volume of the department stores. With the single exception of April, when business was stimulated by the Easter holiday, sales by department stores compare unfavorably with sales for the corresponding 1929 period. New York was the exception to the decrease there having been an actual small gain of about 1 per cent. To meet the need of business and to stimulate buying, some price reductions were made so that even in cases where the actual number of sales were larger, the total in dollars fell away.

Department stores always look forward to the Christmas holiday trade to increase business in the second half of any year, but any estimate of results this year will be purely conjecture. If unemployment continues it is only natural that holiday sales this year will drop far below those for 1929, and that the department stores will round out an unsatisfactory twelve-month period.

The chain department store is of comparatively recent origin. For years the individual store was the standard medium for the sale of goods in a large retail way. Stores of the higher class, such as Marshall Field & Co., in Chi-



cago, Wanamaker, in Philadelphia, and Macy's, in New York, were outstanding examples of single units that continued to expand under one roof. Business was thoroughly centralized and the buying public had to seek the individual stores to get what it wanted. But gradually the creation of various units, all under one management, in other lines of retail trade, brought home to the department store the need of carrying the business to the buyer and the chain department store came into existence. Marshall Field bought out the Davis Company, thus operating two stores in the Chicago Loop district and it now has branch stores in several Chicago suburbs and the largest department store in Seattle, Wash. Wanamaker opened a New York store, and recently Macy acquired L. Bamberger & Co., in Newark. The Fair, in Chicago, established stores in neighborhood retail sections away from the Loop in that city. The Associated Dry Goods Co. was organized, operating 8 stores, chief of which is Lord & Taylor, in New York. The National Department Stores has 22 units, May Department Stores 7, and Hahn Department Stores, Inc., the most lately created of department stores chains, controls 28 units. The Interstate Department Stores, serving a medium and lower class trade, has 32 stores. Two of the largest department stores in Boston and Brooklyn—Filene's and Abraham & Straus—are under the control of the Federated Department Stores.

Thus it can be seen that the old and once profitable plan of isolated greatness in the department store field has gone the way of many other commercial traditions, yielding to a new trend. And now that the mail order houses have introduced their far-flung retail units, thus rendering keener the competition, further acquisitions of scattered units or the creation of new ones by large department store interests may be looked for. Trade inhibitions, however ancient and seemingly solidly grounded, must give way when profits are dwindling or when the newer methods offer the promise of larger returns.

Hand to Mouth Purchasing

Of the big merchandising organizations few have reported their earnings for the first half of the current year. Most of the statements thus far issued show earnings under those for the corresponding six month period of 1929. While this is not pleasant news for the stockholders, the reported results are better generally than those already made public by the industrials and the rails. In fact, when one studies the retail situation he will be surprised at the vitality it has shown in comparison with other branches of trade. From such a study the conclusion may be drawn that the predicted buyers' strike did not materialize in the early months, and that the consumer was still making purchases with resources largely accumulated during the previous period of unusual prosperity. Herein also may be found an indication of the optimism of the average American. His hopefulness undoubtedly led him to believe that the depression would be of short duration. That it has extended farther than had been expected is now admitted. The result, as already pointed out, has been a decrease in retail buying, until we seem to have entered that phase where the consumer is making purchases from hand to mouth in the case of necessaries and making commitments for other things only where the price is sufficiently attractive.

The conclusion seems inevitable that even while the prices of the stocks of most retail companies have been fairly well deflated so that yields, in some cases, are unusually high, there is not likely to be any undue haste in the further purchase of the securities. For the short swing there is little in prospect. For the long term there seems little reason for disturbing present holdings in the companies that have proved most resistant to the profit-declining trend. All in all retailing has held its own sufficiently well to lend encouragement to the belief that the future holds out definite promise.

Position of Merchandising Companies

Chain Stores (000 Omitted)	Sales for 1st Half 1929	Sales for 1st Half 1930	% Change	Earned Per Share Common 1929	Recent Price	Dividend in Dollars	Yield
American Stores	$70,727	$71,538	+ 1.1	4.25	44	2	4.5
Dominion Stores	12,145	12,297	+ 1.2	2.17	19	1.20+4% Stk.	9.7
First National Stores	45,594	55,647	+22.0	5.30(A)	57	2½	4.4
F. W. Grand-Silver	12,315	13,666	+10.9	4.04	38	1+1% Stk.	3.6
Grand Union Co.	15,759	18,058	+14.5	2.04	15¾	....	....
Grant (W. T.) Co.	26,871	30,012	+11.6	2.58†	33	1	3.1
Great Atlantic & Pacific Tea Co.	506,837	548,059	+ 8.1	11.77(B)	220	5	2.3
Jewel Tea Co.	7,618	7,342	— 3.6	6.04	49¾	3	6.0
Kresge Co.	67,644	67,458	— 0.3	2.68	30	1.60	5.3
Kress (S. H.)	28,773	30,315	+ 5.4	5.92	54	1	1.9
Kroger Grocery & Baking	138,720	132,452	— 4.5	3.38	25	1+5% Stk.	9.0
McCrory Stores	19,026	19,410	+ 2.6	4.28	57⅞	2	3.5
Metropolitan Chain Stores	6,787	7,157	+ 5.4	4.50	5	....	....
Newberry (J. J.)	10,712	12,198	+13.9	3.15	28	1.10	3.9
National Tea Co.	45,015	43,114	— 4.2	3.89	23	2	8.7
Penney (J. C.)	83,086	86,459	+ 4.1	4.66	54	3	5.6
Safeway Stores	101,790	110,637	+ 8.7	8.67	69	5*	7.3
Woolworth Co.	135,810	131,319	— 3.3	3.66	64	2.40	3.8
Mail Order Houses (000 Omitted)							
Montgomery Ward & Co.	122,808	130,185	+ 6.0	2.60	36	3	8.3
National Bellas Hess	25,368	18,280	—27.9	(d)	10	....	....
Sears, Roebuck & Co.	178,187	172,276	— 3.3	6.62	73	2½+4% Stk.	7.4
Department Stores	**Sales for Year 1929**	**Sales for 6 Mos. 1930**	**Earned Per Share Common 1929**	**Earned Per Share Common for 6 Mos. 1930**			
Abraham & Straus	$25,916,807†	......	4.80†	...	48	....	....
Arnold Constable	12,212,272	......	1.57(d)	...	7	....	....
Associated Dry Goods	......	......	3.41†	...	35	2½	7.1
Best & Company	14,614,100†	$7,418,069	4.20†	1.99	49	2	4.1
Gimbel Brothers	124,636,273†	......	0.49(d)†	...	11	....	....
Hahn Dept. Stores	112,323,306†	......	1.85†	...	17	....	....
Macy & Co.	150,267,707†	......	6.70†	...	129	2	1.5
May Dept. Stores	112,724,225†	......	4.74	...	44	2+5% Stk.	9.5

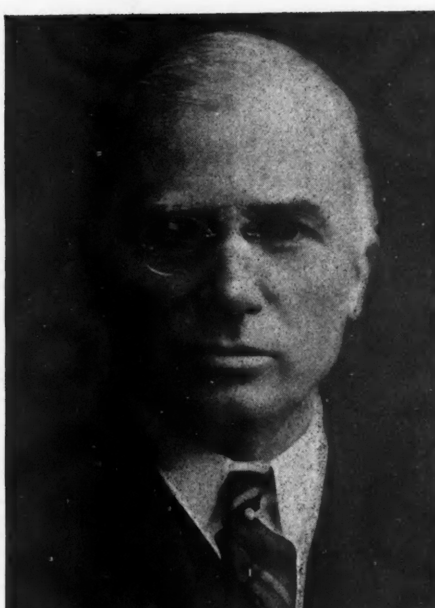
(A) Fiscal year ended 3-31-30. (B) Year ended 2-28-30. * Payable in stock or cash. † Year ended 1-31-30. (d) Deficit.

Things To Think About

The Philosophy of Daniel Willard

"WHIRL is king," said an Athenian more than two thousand years ago. "Nothing is fixed, everything is in a state of turmoil." That is the greatest truth regarding the present age, Daniel Willard, president of the Baltimore & Ohio, told a committee of economists in the course of testimony that has not hitherto been published.

"Who is there and where is he that can be sure of his status anywhere at any time? The whole thing is in a state of chaos. I didn't realize that before six or seven years ago. I was in the habit in the twenty-five or thirty years of my experience of thinking that a railroad was a sort of a static thing. It occupied the field of transportation and could not be displaced. While we might have bigger cars and heavier rails, the railroad system, after all, was a thing that was fixed. But I have learned that everything is subject to change and displacement. At Johns Hopkins University they are trying to make synthetic wheat. Synthetic milk has been made. Who can say that synthetic gold will not be made so cheaply some day that gold as a basis of credit will be simply absurd? Anyone who thinks his status is static is asleep, whether the farmer, the railroad man, or anyone else. In the railroad business we have recently had the motor bus, but the motor bus is not so bad as these private motor cars—some twenty-one million of them—which now crowd the highways. What will be the effect of these on private railway transportation no one can say. It was something we didn't foresee. And then has come the airplane. What else will come we don't know. So now instead of thinking in terms of how to make better engines on the railroads today our problem is: Do we want any engines at all?"



"Do we want any engines at all?"

* * *

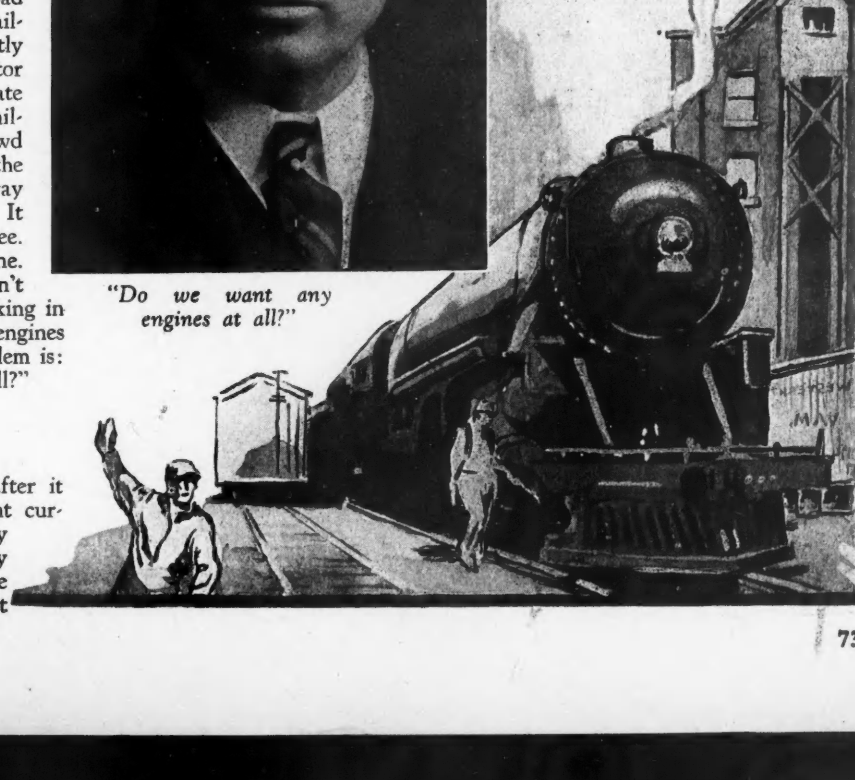
Silver as a Base Metal

WHAT happens to silver after it ceases to be an important currency metal? This question may soon be answered by the history of current events, for China is the only country of importance that clings to the "silver" basis of currency. If and when China adopts the gold basis and abandons silver as a standard for her currency, silver will cease to be counted among the "noble" metals and will depend upon industrial and artistic usefulness for its own standard of value. In addition to its currency use, silver goes into the production of plated silverware, jewelry and dental alloys in considerable quantities. The greatest single item of consumption is in the form of sterling tableware and home decoration. In industrial usefulness, the next single item of importance is in the form of silver salts, used extensively in the manufacture of motion picture film and photo supplies. Extensive chemical research has been made in recent years to develop new uses for silver, which now seemed destined to play an important future role in silver producers' incomes. Silver solder is used rather widely in electrical machinery, motors, refrigerators, automobiles and airplanes. Silver is the best conductor of electricity among the industrial metals and on a commercial basis would probably be widely used by electric apparatus manufacturers. Already it is used in large quantities as a contact metal for joining lengths of power and telephone cables. In addition to its electrical properties, numerous uses are being developed in the chemical industry and at lower prices it would seem to have considerable industrial usefulness as a corrosion resisting metal.

* * *

Lumber Industry Looks at Cellulose

AND here's more bad news for the farmer. Henry Ford tells him to raise less food and more material for the chemical industries, but along comes Dr. Wilson Compton of the



National Lumber Manufacturers and tells the American Association for the Advancement of Science that as much cellulose can be produced from 5,000,000 acres of mature forest as from 500,000,000 acres of farm land—and that is, roughly, all the actually used farm land in the country. Wood may oust cotton. The latter produces only 160 pounds of cellulose to the acre. Well managed woodlands will yield 2,000 pounds of cellulose annually without depletion of the forest stock. But then the farmer can raise trees. The new competition is worse than the old. The latter is dog eat dog, the former is pack eat pack.

* * *

How Hard Are Times?

AFTER all we probably don't know in the United States the meaning of really hard times. We are eating more ice cream this year than last as well as burning more gasoline. People who are generally in distress do not cater to their palates and spend their money for joy riding. On the other hand we do not get so much free advice over the radio as a year ago. Radio advertising is off one-third—which some people will not regret. The growth of corporations in the general scheme of things is working many changes that are not promptly apparent. The corporations have become the chief savers of capital in good times—and it begins to look as if they are the chief economizers in hard times. The individual seems to go on with his expenditures much the same in dull as in boom times.

* * *

Babies and the Home Market

WE won't need to worry for a while yet about the decreasing rate of population growth in the United States. Contiguous continental American territory had 17,000,000 more people in 1930 than in 1920. The larger part of the increase is due to the baby crops. These infants will account for a much greater consumption in the next ten years than they did in the last decade. While the rate of growth was less than in preceding decades, except that of 1910-20, the absolute growth was the greatest ever. Seventeen million new people means that the United States added in one decade to its population a number equal to the entire population of Canada plus seven million. The increase is not far from being equal to the total population of Spain. It's pretty hard for the export market to keep up with such a growth in the potentialities of the home market. Seventeen million Americans will consume about as much as all France.

Natural Gas Hits Coal Again

MORE grief for coal! Natural gas from the Kentucky shale fields is marching toward the industrial regions of the Great Lakes. Against it coal and artificial gas are helpless—as far as it goes—and it will last for thirty years. It is planned also to invade the industrial cities of Baltimore and Philadelphia. The bright side of the picture for non-coal interests is that the pipe line from Ashland to Detroit will cost $30,000,000, meaning big orders for the steel pipe plants and a sweet, if short, payroll.

* * *

Merging the Farms

AND now it's farm consolidation. A Kansas corporation has merged hundreds of small farms over a stretch of 150 miles, and local bank managers are complaining bitterly. Some big farms are answering the threat 65-cent wheat with 45-cent production costs. Tractor plows run night and day and fleets of "combines" harvest grain as fleets of motor trucks rush it to the market.

* * *

Tariff Gun Kicks Apple Farmers

BRITISH apple buyers in the Shenandoah apple belt tell the farmers that the British embargo on American apples is a tariff reprisal and nothing else. The pretext for the embargo is that the apples are infested with some sort of a pest that England wants to keep out. But this pest flourishes in Canada and not in the Shenandoah, which is a principal American apple exporting region—and there is no embargo on Nova Scotia apples. Britain is a free trade country, but embargoes do very well as a substitute for protection. Twenty per cent of the Shenandoah apple market is wiped out at a stroke of a pen.

* * *

Good Motor Cars by Elimination

FORTY-FIVE standard makes of motor cars are being manufactured today yet in the brief 35 years of the automobile industry's existence 640 different makes have been presented to the American public, according to the Department of Commerce. Of course, the early days of the industry witnessed the greatest mushroom growth of new companies and the greatest number of new cars made their appearance in 1901-1903, 1907-1908 and in 1916. Only eight years after the first car was produced 51 separate companies presented new makes. Of them 11 are still in existence. The motor car industry like every other of recent origin outgrew itself in its early days so that when demand was fairly met the inevitable purging process of the survival of the fittest came into action and weaker units were eliminated. Even today the process is operative and more and more concentration into the hands of the strongest units is under way.

* * *

Tin Cans by the Million

THE progress being made in marketing frozen foods is of vital importance to manufacturers of tin containers. The leading manufacturers have acquired interests in the production of glass jars and bottles and are also conducting experiments on a new container composed of tin top and bottom but with transparent sides, probably one of the so-called cellulose plastic materials which have recently found much favor in packaging. The importance of such developments is obvious when it is realized that 200 million cases of canned goods are packed annually. In addition to this vast total the can manufacturers produce millions of cans for oil, soap, paint and other commodities for which the tin container has no rival.

* * *

Chemicalized Prosperity

A TREMENDOUS business stimulus of the future lies in the rapid growth of synthetic production. The growing injection of synthetic chemistry into industry gives new importance to our vast natural resources. It tends to replace the low-profit raw-material industries with high-profit manufacturing ones. Not only will there be more and more of a demand for mineral and animal and vegetable materials that now have little or no commercial value but the reclamation of waste materials will proceed apace. More and more will the miner become a manufacturer, the forest industries will turn out more and more processed products and the farmer will be closely drawn into the industrial fold. In the presence of progress of the industries that rest on chemical processes the natural resources of America are in effect greatly multiplied. From the standpoint of industrial chemistry our natural resources are hardly scratched as yet and their appraisal in terms of future wealth is vastly greater than when their utilization consisted chiefly in physical treatment and transportation. Chemistry is revaluing America and making this nation a better bet than ever.

UNITED FOUNDERS

Maximum Diversity Through Investment Trust Holding Co.

Well Managed Trust Holds All Types of High Grade Securities

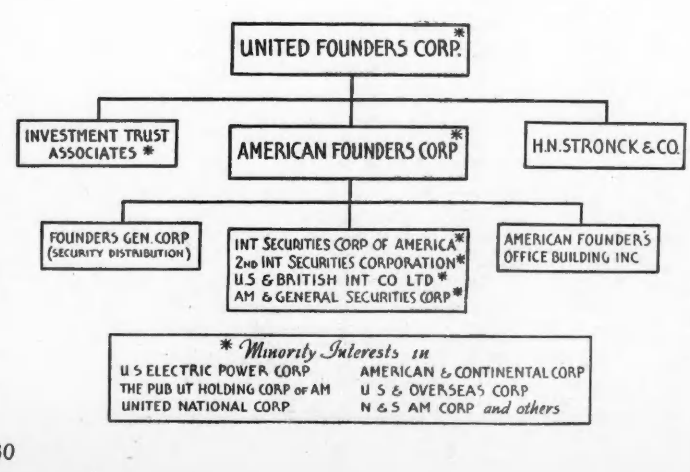
By C. Willard Shafter

INVESTMENT TRUSTS may still be classed as a new industry in the United States. They have gone through a period of experimentation and adaptation which has severely tried many of them. They were unfortunate in having been so largely launched during the culminating days of the 1927-29 boom, but the companies that came successfully through the ordeal of the stock market crash constitute an important and growing factor in finance and investment. Investment trusts have come to stay and it cannot be doubted that the stocks of certain companies will appreciate in a marked degree both on their own merits and in line with the next general upswing in the market. The well-informed investor should give careful consideration to the claims of investment trusts on his funds if only on the score of diversification of his investments.

Among the "trusts" deserving of attention are those of what is commonly called "the American Founders Group." At the head of this group now stands the United Founders Corp. Its investment portfolio contains securities aggregating nearly $300,000,000 in value and its list of shareholders numbers more than 80,000 corporations and individuals.

American Founders Corp., formed in 1922, is the original company of the group. It was followed by several subsidiaries. American Founders is a huge investment trust, well managed, conservative and with the highest grade securities in its diversified portfolio. In organization and scope of activities, however, it adheres closely to the British management type of investment trust and its field of operations was not wide enough and its processes not flexible enough to meet all the requirements and opportunities of the American environment. Consequently United Founders Corp. was incorporated in February, 1929, under the laws of Maryland. Its charter empowers it, among other things, to acquire minority or controlling interests in investment or other companies, participate in underwritings or syndicates and furnish financial assistance to corporations in connection with their financing, consolidation or reorganization. United Founders Corp. is then an example of the modern tendency towards holding companies as manifested in the investment trust field and can be generally, if not absolutely accurately, described as an investment trust holding company.

The accompanying diagram shows graphically the ramifications of the company as of May 31st, 1930. It will be seen that United States Corp. controls American Founders Corp., having 77.5% of the common stock and that the latter in turn has control, averaging over 90% of four other investment companies. These four companies, together with Investment Trust Associates 78.4% of whose common stock is held directly by United Founders Corp., have very large minority holdings in two public utility holding companies, namely United States Electric Power Corp. and the Public Utility Holding Corp. of America and in four investment companies: United National Corp., North and South American Corp., United States and Overseas Corp., and American and Continental Corp.



The most important of these minority holdings is United States Electric Power Corp., a recently formed "billion dollar" company, which controls Standard Power and Light and, consequently, Standard Gas & Electric.

It would be extremely difficult, if not impossible, to trace to the ultimate operating

company each one of the investments of United Founders Corp., making due allowance for other interests. A veritable maze of investment trusts and holding companies would be encountered, but now that a consolidated balance sheet and a complete portfolio have been published a fair general appraisal can be made.

The resources of the company are exceptionally well diversified industrially as can be seen from the accompanying table. There is also a diversity geographically. Omitting cash, which amounts to but 4 or 5% of the total, over 67% of the total portfolio is invested in the United States, the balance being distributed over the entire world. Consolidated holdings comprise 945 issues 498 of which are bonds and 447 stocks. This

Domestic Common and Preferred Stocks

Held by United Founders and Subsidiaries as of May 31, 1930

PUBLIC UTILITIES	
American Power & Light	5,000
American Tel. & Tel.	6,000
Do rts.	70,000
Am. Water Wks. & Elec	9,000
Bell Telephone of Canada	14,000
Brazilian Traction Lt. & Pow	11,000
Consolidated Gas of N. Y.	3,000
Electric Bond & Share	6,000
Electric Power & Light	2,000
El. Shareholdings, 6% pf. w.w.	6,000
Foreign Lt. & Power, 2d pf	400
Do com.	800
Gen. Gas & Elec. 6% pf. A	4,800
Do com. A	1,200
Hydro-Elec. Securities (Can.)	161,840
Int. Power 1st 7% pf	1,000
Int. Telephone & Telegraph	20,000
Inland Utilities	103,000
National Elec. Power, 7% pf	200
Pacific Gas & Electric	2,000
Pacific Lighting	1,000
Public Service of N. J.	2,000
Public U. Holding of Am. w.w.	685,936
Do Class A, without war	250,000
Do Detached warrants	550,596
Public Util. Inv. allot. cert	5,000
Seaboard Investment Trust	25,000
Standard Gas & Electric	30,000
Standard Pow. & Light com	9,800
Do com., Series B	6,800
Southern California Edison	1,000
United Gas Co., $7 pf	2,000
United Gas Improvement	4,000
United Corp.	8,000
U. S. Elec. Pow. $6 cum. conv. pf.	10,000
Do com. and Class A w.w.	3,009,773
Do detached warrants	622,250
Western Union Telegraph	3,000

RAILROADS	
Alleghany Corp.	30,000
Atchison, Top. & Santa Fe	6,000
Atlantic Coast Line	3,000
Baltimore & Ohio	9,000
Bangor & Aroostook	1,100
Chicago & Northwestern	9,000
Canadian Pacific	500
Chicago, Mil. & St. Paul pf	12,000
Colorado & Southern	1,200
Chicago & E. Illinois, 6% pf	1,600
Chicago, Rock Island & Pac	5,000
Delaware & Hudson	5,000
Erie	5,000
Great Northern, 5% pf	4,400
Lehigh Valley	3,000
Louisville & Nashville	700
Minn., St. Paul & S. S. Marie pf	1,900
Northern Pacific	5,000
Do certs of dep	10,000
N. Y., Chicago & St. Louis	8,000
N. Y. Central	10,000
Pennroad Corp.	20,000
Pennsylvania Railroad	10,000
Pittsburgh & Lake Erie	2,500
Rutland Railroad, 7% pf	1,700
Seaboard Air Line	7,801
Southern Railway	10,000
St. Louis & Southwestern	3,000
Southern Pacific Co.	6,000
Union Pacific	7,500
Western Pacific, 6% pf.	6,500
Do com.	1,000

BANKS	
Manhattan Co.	13,232
Manhattan Special Acct	4,304⅕
Bank of N. Y. & Trust	40
Continental Bank & Trust	1,000
First National, Boston	12,500
First National, New York	60
First Security Corp. of Ogden	2,000
Marine Midland Corp.	1,400
Northwest Bancorporation	10,000

INVESTMENT COMPANIES	
Allied Intl. Investment $3 pf	3,600
Do common	3,600

INVESTMENT COMPANIES (Cont.)	
Amer. & Continental, A, w w	12,501
Do common, w w	192,371
American Capital, B	1,400
American International	11,000
American Investors, B	50,000
Aeronautical Industries war	21,000
Chemical National Associates	10,000
Commonwealth Securities pf	2,000
Continental Securities pf	750
Do common	500
Continental Securities in Zurich, "Thesaurus" ctfs. of deposit	600
Continental Shares common	12,000
Chicago Investors, new shrs	12,000
Chatham & Phenix Allied	2,500
Chicago Corp.	9,000
Do $3 pf	3,000
Founders Associates 6% pf	6,552
Do common	2,730
General Capital Corp	12,000
International & General	70,000
International Mortgage & Investment units	700
Lehman Corp.	1,000
Manhattan-Dearborn Corp.	5,000
National Shareholders	50,000
National Republic Investment Trust units	1,000
North & South Amer. Corp., A	32,935
Do B	314,934
Overseas Securities Co. Inc	515
Prince & Whitely Trading	8,000
Securities Corp. general	5,100
Stand. Investing $5.50 pf. w. w.	1,050
Selected Industries $5.50 pf	4,600
Sterling Securities Corp. A	20,000
Tri-Continental Corp.	25,500
Do warrants	5,000
Third National Investors	2,000
Do warrants	3
U. S. & Overseas, w. w	142,321
Do A, w. w	97,500
United Nat'l Corp. partic. pf	145,000
Do common	10,754
Winslow Lanier International	2,500

INDUSTRIAL	
Newton Steel	10,000
Atlantic Refining	9,000
Continental Oil of Delaware	100,000
Gulf Oil of Pennsylvania	1,000
Louisiana Land & Exploration	7,700
Mid-Continent Petroleum	25,000
North European Oil	25,612
Oilstocks, Ltd., A	16,500
Do B	3,700
Petroleum Corp. of America	12,000
Standard Oil of California	7,000
Standard Oil of Indiana	8,000
Standard Oil of New Jersey	12,000
Tidewater Associated Oil	27,000
Texas Corp.	8,000
Vacuum Oil	1,000
American Cigar	500
American Chicle	7,000
Carnation Co.	18,990
General Mills, Inc.	1,500
Kroger Grocery & Baking	8,000
Liggett & Myers Tobacco, B	6,000
National Dairy Products	1,000
Safeway Stores, Inc.	5,000
Standard Brands, Inc.	30,000
Wesson Oil & Snowdrift pf	2,800
Montgomery Ward & Co	12,000
Woolworth & Co	13,500
American Ice	23,500
Allis Chalmers	3,000
Am. Radiator & St. Sanitary	15,000
Aluminum of America	1,000
American Can	2,000
Bendix Aviation	7,000
Carolina Georgia Service war	87½
Caterpillar Tractor	4,000
Curtiss Wright	17,000
Eastman Kodak	3,500
Ford Motor of Canada, A	12,000
Ford M. (Eng.) (Am. dp. rcts.)	46,500
Goodyear Tire & Rubber	10,000
General Industrial Alcohol	3,000

INDUSTRIAL (Cont.)	
General Railway Signal	4,000
*Ground Gripper Shoe	6,000
International Match ptcg. pf	1,000
International Cement	6,000
Johns-Manville	4,000
Kolo Products	20,000
Loew's, Inc.	1,000
Lambert Co.	8,000
Mack Trucks, Inc.	8,000
McKeesport Tin Plate	5,000
Otis Elevator	1,000
Procter & Gamble	6,000
Pirelli Co. of Italy (Am. shs.)	2,000
Paramount Publix	1,000
Roseville Commercial Alcohol	500
Do 7% pf.	500
Shubert Theatre Corp	1,500
Southern Ice 7% pf	419
Twin Sts. Nat. Gas (c. of int.)	20,000
Union Carbide & Carbon	5,000
Un. Aircft. & Trans. 6% cum. pf	1,000
Do com.	8,500
Westinghouse Elec. & Mfg	20,000
Warner Bros. Pictures	2,000

INSURANCE COMPANIES	
American Alliance Insurance Co	3,000
Aetna Insurance Co	15,000
American Surety Company of N. Y.	300
Continental Insurance Co	4,200
Fidelity-Phenix Fire Insurance Co	3,500
Globe & Rutgers Fire Insurance Co.	60
Hartford Fire Insurance Co	1,000
Insuranshares Corp. of Del. Class A com.	222,000
Insuranshares Management Co	20,000
Life Insurance Co. of Virginia	900
Lincoln National Life Insurance Co.	4,500
Maryland Casualty Co	7,752
Do new w. i.	620
Do rts. w. i	1,000
Missouri State Life Insurance Co	3,000
Do rts.	3,000
National Life & Accident Insur. Co.	203
Phoenix Insurance Co	1,100
Preferred Accident Ins. Co. of N. Y.	500
Travelers Insurance Co	100
U. S. Fire Insurance Co. of N. Y.	800½
Westchester Fire Insurance Co	1,100

MINING	
American Metal Co	15,000
Anaconda Copper Mining Co	18,000
Calumet & Arizona Mining Co	9,000
Hudson Bay Mining & Smelting Co.	1,500
Inspiration Consolidated Copper Co.	8,000
International Mining Corp. w.w.	50,000
Do warrants	35,000
International Nickel Co. of Canada	13,000
Kennecott Copper Corp	27,000
Magma Copper Co	12,000
Mayflower Associates	8,500
Miami Copper Co.	16,000
Nevada Consolidated Copper Co	12,500
Newmont Mining Corp	20,000
Texas Gulf Sulphur Co	11,000

MISCELLANEOUS	
Am. Founders Office Bldg com	295
Commercial Credit Co. A pf	3,000
Founders Gen. Corp. $3.50 pf	30,000
Do com. B	50,000
Hotel Governor Clinton units	1,250
Industrial Finance Corp	1,800
Kreuger & Toll (Am. ctfs.)	67,000
Lehigh Coal & Navigation	38,000
McCall Corp.	2,000
National Fuel Gas	2,300
National Aviation A war	10,313
Do com.	67,012
Newark & E. Bldg. Cp. units	1,125
North American Aviation	5,000
Stronck (H. N.) & Co. com	1,000
Do pf.	110
Ulen & Co.	4,000
Do 7½% pfd.	1,000

is completely in accordance with the policy outlined by the president, Mr. Louis H. Seagrave, when he said: "In brief, the investment policies of United Founders Corp. are in the interests of: (1) Moderate but stable annual income dependent upon no one market, no one industry and no one class of security; (2) substantial appreciation over a period of years in the larger equity holdings which in several cases represent actual control.

The company's capitalization, as of May 31st, 1930, consists of 1,000,000 shares of Class A and 8,528,846 shares of common. There is no funded debt, although $10,000,000 in bank loans was outstanding on that date. Funded debt and preferred stock of subsidiaries amounts to $44,939,500 and $23,420,525 respectively, while the minority interest in the common share capital, surplus and reserves of subsidiaries is $32,481,985.31. The cost of the company's portfolio was stated to be $293,540,698.85, having a market value of $286,924,404.17, showing a depreciation of slightly more than 2%. These investments, however, were carried on the books at $279,769,482.28, due to the application of certain reserves. Taking the portfolio at the market value, eliminating all inter-company holdings and making other necessary adjustments, the book value of United Founders common stock was $21.41 per share, based upon 8,650,671 shares, which includes a stock dividend payable July 1st, 1930.

Earnings of $5,442,687.62 were reported for the six months ending May 31st, 1930. This is equal to $0.77 per share on 7,026,183 shares, the average amount outstanding for the period. If the equity earnings of United Founders Corp. in the five companies in which it has large minority holdings, are included, then $0.95 is shown. An initial common dividend of 1/70th of a share payable in stock, was paid January 2nd, 1930, and has since been continued quarterly.

An accurate comparison of the latest available report with one of the previous date is impossible, as this is the first time that United Founders Corp. has issued a consolidated statement, but even though comparisons of balance sheets and earnings are helpful, after all, they do no more than mark the past progress of a company, the future of which is always dependent to a very large extent upon the management. The record of the management in this case speaks for itself. The company is in the hands of men, successful and long experienced in the investment field. It's banking sponsorship is of the strongest—Harris Forbes & Co. and through them the Chase National

(*Please turn to page* 763)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Panama 5½s, 1953 ....(a)	....	...	102½GT	103	5.3	5.2
Norway 40-yr. ext. 5½s, '65....	....	...	100F	102	5.4	5.4
Dominican 5½s, 1942....(a)	....	...	101G	99	5.6	5.7
Haiti 6s, 1952....(b)	....	...	100	94	6.4	6.5

Railroads

Atchison, Top. & S. F. Conv. 4s, 1955..	273.3	5.68	110	93	4.2	4.4
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	98	4.6	4.6
Great Northern Gen. A 7s, 1936....(b)	139.8	2.41	....	112	6.3	4.6
Illinois Central 4¾s, 1966....	....	1.85	102½GT	102	4.7	4.7
Pennsylvania 5s, 1964....	....	4.54	102T	105	4.7	4.7
Central Pacific Guar. 5s, 1960....(a)	....	2.72	105GT	104	4.8	4.8
Southern Railway Dev. & Gen. 6s, 1956.	133.8	2.23	....	115	5.2	4.9
Missouri Pacific 1st & Ref. 5s, 1977.(a)	94.6	1.70	105A	101	4.9	4.9
Western Pacific 1st 5s, 1946....(b)	....	1.25	100	100	5.0	5.0
N. Y., Chic. & St. L. Ref. 5½s, 1974.(a)	58.8	2.21	105	107	5.1	5.1
Central of Georgia Ref. 5½s, 1959....	30.9	1.57	105AG	105	5.2	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962.	49.9	X	105	105	5.2	5.2
Wabash Ref. & Gen. 5½s, 1975....(a)	61.6	2.08	105AG	105	5.2	5.2
Nor'n Pacific Ref. & Impr. 6s, 2047.(a)	165.6	2.48	110G	113	5.3	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	14.2	X	107½T	108	5.6	5.4
Balt. & Ohio Ref. & Gen. 6s, 1995...(a)	285.3	2.03	107½AG	110	5.4	5.4
Minn., St. Paul & S. S. M. 1st 4s, 1938.	....	1.58	....	89	4.5	5.8

Public Utilities

Pacific Gas & Elec. Gen. Ref. 5s, 1942..	29.0	2.26	105T	102	4.9	4.7
Columbia Gas & Elec. Deb. 5s, 1952....	....	4.62	105T	102	4.9	4.8
Consol. Gas of N. Y. Deb. 5½s, 1945.(a)	191.1	5.40	106T	107	5.1	4.8
Montana Power Deb. 5s, 1962....(a)	33.3	3.14	105T	104	4.8	4.8
Utah Power & Light 1st 5s, 1944....	....	2.83	105	101	4.9	4.9
Hudson & Manh'n 1st Ref. 5s, 1957..(b)	5.9	2.76	105	101	4.9	4.9
Arkansas Power & Lt. 1st & Ref. 5s, 1956 ....(c)	2.0	2.45	105	101	4.9	4.9
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.87	....	100	5.0	5.0
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	3.27	107½T	107	5.6	5.1
Northern Ohio Tr. & Lt. Genl. & Ref. 6s, 1947, "A"....(a)	8.4	2.20	110	105	5.7	5.5
Amer. W. Wks. & El. Deb. 6s, 1975..(a)	12 7	1.53	110	107	5.7	5.5
Postal Tel. & Cable Co. Col. 5s, 1953...	0.6	2.08	105	94	5.3	5.5
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	1.93	105	94	5.3	5.6
New Orleans P. S. 1st & Ref. A....(a)	9.7	1.32	104	91	5.5	5.7

Industrials

Midvale Steel & Ord. Conv. Coll. 5s, 1936 ....(a)	....	4.77	105	102	4.9	4.6
Gulf Oil Deb. 5s, 1947....(c)	....	13.04	104AT	103	4.8	4.7
Allis Chalmers Deb. 5s, 1937....(a)	....	6.29	103T	102	4.9	4.8
Youngstown Sh. & Tube 1st 5s, 1978.(a)	....	6.86	105T	103	4.8	4.8
Sinclair Pipe Line 5s, 1942....(a)	....	5.33	103	102	4.9	4.8
International Match Deb. 5s, 1947...(a)	....	9.81	109T	100	5.0	5.0
Amer. Cyanamid Deb. 5s, 1942....	0.3	10.58	100	99	5.1	5.1
National Dairy Prod. Deb. 5¼s, '48.(a)	0.6	10.40	103¼	[illegible]	5.2	5.3
Chile Copper Deb. 5s, 1947....(a)	....	10.20	102T	97	5.2	5.3

Short Terms

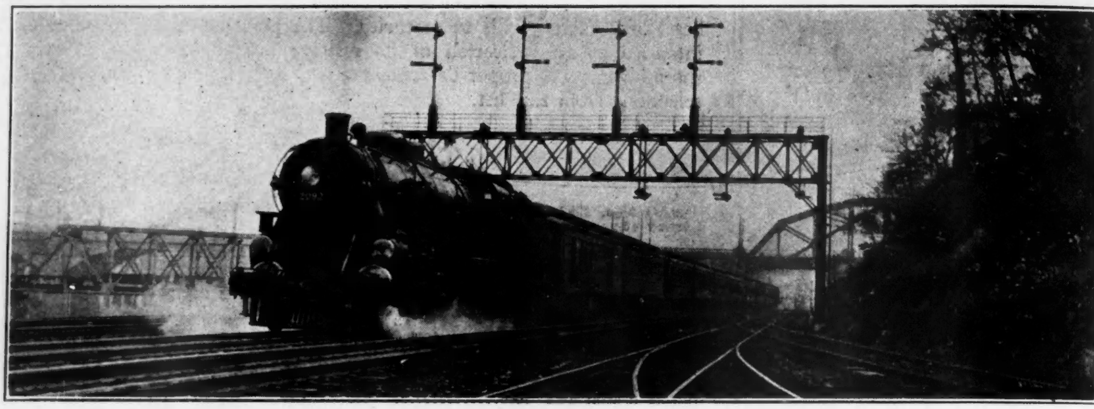
Humble Oil & Ref. Deb. 5½s, '32...(b)	....	13.59	102½A	102⅝	5.4	3.9
Amer. Cotton Oil 5s, May 1, 1931....	....	10.47	105	100½	4.9	4.3
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 ....(a)	17.1	2.21	102	101¾	5.9	..

Convertible Bonds

Inter'l Tel. & Tel. Deb. 4½s, '39...	Com.@63 9	3.07	102½	110	4.1	3.2
N. Y., N. H. & Hart. 6s, '48....	Com.@100	2.39	....	123	4.9	4.3
Baltimore & Ohio Conv. 4½s, '60...	Com.@120(h)	2.03	105	100	4.5	4.5
Atch., Top. & S. F. Deb. 4½s, '48..	Com.@166.6	5.68	102	129	3.5	..
Chesapeake Corp. Col. Tr. 5s, '47....	C & O@196	2.84	100	101	4.9	4.9
Amer. Inter'l Corp. Deb. 5½s, '49..	Com.@80	1.49	105	98	5.6	5.7

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter. F—Not callable until June 1, 1935. (h) Convertible after February 1, 1931.



The Black Diamond, Lehigh's Crack Train

LEHIGH VALLEY

A Much Wanted Railroad

Long Sought-After Rail Enjoys Strategic Merger Position, Is Strong Financially and Has Enviable Earning and Dividend Record—A Stock Worthy of Investors' Consideration

By Pierce H. Fulton

"GOD only knows who has control tonight."

This striking statement was made by General W. W. Atterbury, president of the Pennsylvania Railroad, in a discussion of the outlook for railroad consolidation in Eastern Territory, at the close of a hectic day in the market for Lehigh Valley Railroad shares.

That was several years ago. Lehigh Valley had fluctuated frantically, on heavy transactions, not only that day but for some days previous. It continued to act much the same way for some time thereafter.

General Atterbury referred specifically to the action of that stock and admitted that undoubtedly it represented competitive buying. The statement with which this article starts makes that perfectly clear.

The facts were that the buying represented a three-sided contest, Pennsylvania, New York Central, and L. F. Loree for Delaware & Hudson.

For some time General Atterbury has known who has owned virtual if not actual control of Lehigh Valley. Upon his recommendation the holdings of Mr. Loree and associates, not only in Lehigh Valley but also in Wabash, which, in turn, owned Lehigh Valley stock also, were bought for the account of the Pennsylvania Railroad. Actually the stock in both companies was placed in the treasury of the Pennsylvania Co., one of the powerful affiliates of Pennsylvania Railroad.

Although, by reason of its purchase of the D. & H. holdings and the sale by New York Central of its Lehigh Valley shares, Pennsylvania Railroad has been in virtual control of Lehigh Valley, it has not asserted itself actively in the management. This perhaps because the I. C. C. and a Congressional Committee have been investigating Pennsylvania's holdings of Wabash as well as Lehigh Valley, through Pennsylvania Co.

General Atterbury, as already suggested, has known for some time who bought and has owned control of Lehigh Valley and Wabash, but he has not known whether this ownership would be permitted to continue. In fact, the I. C. C. has brought action against Pennsylvania Co. because of its purchases of the shares of these two railroads.

Recently Pennsylvania Railroad filed its reply with the I. C. C. to the latter's charges. Pennsylvania maintains in that document, as it has all along, that it bought Lehigh Valley and Wabash "solely for investment" and that the shares so acquired "have not been used by voting or otherwise to bring about or attempt to bring about substantial lessening of competition."

This proceeding is likely to be protracted and may even be taken to the courts, as General Atterbury is on record with the statement that if necessary Pennsylvania would take to the United States Supreme Court the ques-

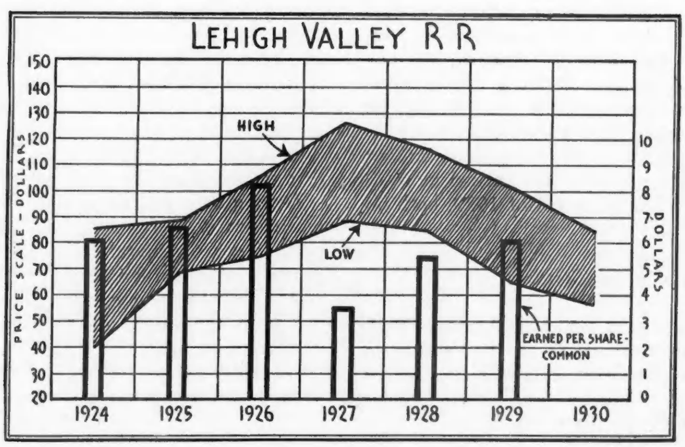
tion of its right to buy and hold these stocks in the way that they have been held, namely through the Pennsylvania Co.

A Long Sought Property

The three-sided contest for control of Lehigh Valley within the last four or five years recalls the fact that virtual control of the road has been owned by other powerful individuals or groups of individuals, among them Daniel Reid, George F. Baker, Sr., the New York Central and L. F. Loree. Yet, in all the buying and selling of its controlling interest no one apparently has made substantial profits except New York Central and Mr. Loree and associates. The question naturally arises: "Why has the property been so much in demand?"

There are several reasons. It is a favorably located railroad, a short line between New York and Buffalo with important branch lines to the rich anthracite fields of Pennsylvania, and also with north and south lines in New York State that serve as profitable feeders.

For years Lehigh Valley has been recognized as one of the leading anthracite coal carriers of the United States. In 1929 it moved 16,750,431 tons of "products of mines," out of a total carload freight traffic of 29,340,074 tons. While the annual report does not specify, it may be assumed that the greater part was anthracite. Like all the rest of them it was required by the Government to divest itself of ownership of its coal properties. The shares in those companies went to stockholders in the railroad company, but it has continued to carry the coal the same as before.



More than this, Lehigh Valley, for some years, has been one of the important carriers of through freight and passengers between New York and Buffalo. At the latter point it has maintained open relations with all the western lines and has exchanged freight with them freely. Comparatively little attention has been given by Lehigh Valley to the development of either local freight or passenger business.

An eastbound Lehigh Valley freight train in recent years, consisting of 50 to 60 loaded cars, has been an interesting sight, because of the large number of western roads represented. While, of course, this does not mean that each one of those cars carried freight that originated on the lines of the roads owning the different cars, it is nevertheless true that Lehigh Valley has maintained valuable connections with the western roads coming to Buffalo.

In fact, it may be emphasized that its policy has been to keep an "open gateway" at Buffalo, instead of tying up with any one road, as would happen in the event of merging with a western line. The soundness of this policy has been demonstrated by the fact that rather recently Wabash, with which western line an effort has been to merge Lehigh Valley, supplied less than 20% of the freight traffic received by Lehigh Valley from western roads. The other 80% or more has come from Michigan Central, Pere Marquette (now a Van Sweringen road) Canadian National, Nickel Plate (another Van Sweringen road) and others.

Merger Position

As Lehigh Valley has devoted itself primarily to the getting and handling of through freight and passengers, the importance of maintaining friendly relations with a considerable number of roads at its western terminus can be easily understood.

The I. C. C., in its general grouping plan of last December, placed Lehigh Valley and Wabash together, with the latter at the head of the system. It was to constitute a fifth system in Eastern Territory, an undertaking that was opposed vigorously by New York Central, Baltimore & Ohio and the Van Sweringens. In recent months it has been impossible to find out just how Pennsylvania stood on this question.

The Wabash has been trying to formulate a similar system. If either of these plans were to be carried out, Lehigh Valley and Wabash would be definitely tied to each other, as Wabash owns about 20% of Lehigh Valley stock and Pennsylvania Co. 30% or more.

Such an arrangement would seem to cut off connection for Lehigh Valley with other western roads. In fact, the proposed tying up of Lehigh Valley with Wabash seems ill-advised from practically every point of view. In the first place, Lehigh Valley has demonstrated for years its ability to "go it alone."

An Enviable Record

It has been a railroad since April 21st, 1846—84 years and has carried the present title since January 7th, 1853—more than 77 years. Dividends have been paid on both preferred and common, with some interruptions and variations in rates, since 1858. The longest break in dividend disbursements was from 1894 to 1903, when nothing was paid on either issue.

As high as 12½% was paid on the common as far back as 1870. For many years the regular dividend on preferred has been 10%. In 1912 an extra disbursement of 10% was voted on both issues, with the right to apply the dividend toward the purchase of Lehigh Valley Coal Sales Co. stock.

The opinion was expressed recently by a prominent railway executive thoroughly familiar with the position and affairs of Lehigh Valley, and who has a good knowledge of the probable effects of an attempt to merge Lehigh Valley with Wabash and various other railroads that in all probability Wabash would not try, for some time at least, to take over Lehigh Valley, Norfolk & Western and Seaboard Air Line, all of which were allocated to it by the I. C. C. in its plan.

The opinion prevails in railroad circles that Lehigh Valley will continue to be operated for some time as virtually if not actually an independent line notwithstanding the controlling stock interest of Pennsylvania and, moreover, that, while the right to continue this ownership is in dispute, Pennsylvania will be even more careful than it has been so far about interfering in the management of Lehigh Valley.

It will be interesting in the extreme, particularly if railroad consolidation in the east becomes active again, to see whether Lehigh Valley continues as an

(*Please turn to page 766*)

PROCTER & GAMBLE — COLGATE-PALMOLIVE-PEET

Two Great Soap Companies Compared

Depression-Proof Character of the Business—Rising Trend of Earnings and Long Dividend Records Place Shares in Unusual and Attractive Classification

By Ferdinand Otter

ONE or more of the trade-marked products of either Procter & Gamble or Colgate-Palmolive-Peet is used regularly in almost every household in the United States—whether business is good or not. Not many corporations with shares listed on the New York Stock Exchange can lay claim to a developed nation-wide market so all-inclusive.

The wholesale value of the annual production of these two great industrial units now is well in excess of $300,000,000 and recently their combined stock market appraisal was about $630,000,000. Their national advertising expenditures are enormous, and probably equalled by not more than a dozen other American concerns. Their purchases in some of the minor raw material markets are the commanding influence. Recently the materials from which soap is made have declined considerably in price, resulting in a wider margin of profit; both concerns earned more in the first half of 1930 than in the first half of 1929, both on a smaller dollar sales volume.

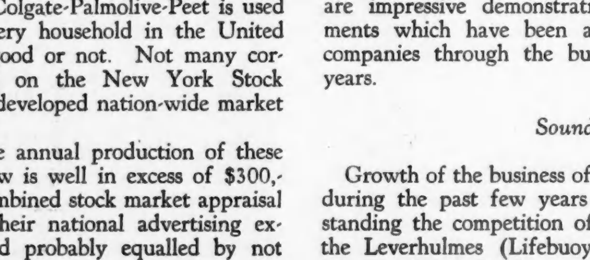
Both Old Established Concerns

Although their shares have been listed on the New York Stock Exchange less than two years, both Procter & Gamble and Colgate-Palmolive-Peet are the successors of very old companies. Mr. Procter and Mr. Gamble founded their business in 1837, while the B. J. Johnson Soap Co., which really was the predecessor of the Colgate-Palmolive-Peet organization, began business in 1864. Procter & Gamble has as long an uninterrupted dividend record as American Sugar Refining preferred, having paid regularly since 1891 on its common stock. Colgate-Palmolive-Peet and the predecessor company have paid dividends without interruption since 1895, or longer than the Atchison Railroad. These records are impressive demonstrations of the excellent managements which have been able to successfully pilot their companies through the business vicissitudes of so many years.

Sound Growth

Growth of the business of the two biggest soap companies during the past few years has been spectacular notwithstanding the competition of the well advertised brands of the Leverhulmes (Lifebuoy, Lux, Rinso, etc.). Because of mergers it is hard to compare the sales of the Palmolive organization, but since 1924 Procter has more than doubled its net earnings and practically doubled its sales volume. Like other national distributors, these companies are finding that the results of national advertising are cumulative.

During the earlier years of their development, the soap companies were family affairs, the profits of the business providing new capital for regular growth; but of late the pressure of expansion has led both into the capital markets, and strong banking connections have been established. It has been the policy of their managements to take over smaller units and consolidate their businesses; sometimes this has been accomplished by outright purchase for cash and sometimes through an exchange of securities. Earlier this summer, Procter & Gamble took over the Kirk company of Chicago and bought Thomas Hadley & Co., Ltd., of England, one of the leading independents operating in the British Isles.



Thus it will be seen that the two leading American soap companies have an exceedingly wide and dependable market, are very large corporations, are long established, have unusually long dividend records, a history of rapidly rising profits, good banking connections and an aggres-

sive expansion policy. To avoid confusion, we shall discuss them separately from this point.

THE PROCTER & GAMBLE CO.

From the standpoint of sales volume Procter & Gamble is about twice as large as Colgate-Palmolive-Peet, having an annual sales volume of approximately $200,000,000 without James S. Kirk & Co. and Thomas Hadley, both bought since the end of the company's fiscal year on June 30th. With these two new units it seems probable that in the year to end June 30th, 1931, the company's volume should reach $225,000,000. Unlike Palmolive, Procter does not sell tooth paste and a wide line of shaving soap and cosmetics, but it does have an important line in Crisco, a cooking fat of vegetable derivation, which has no counterpart in the products of the other company.

This company began business producing and selling candles before the day of the oil lamp, and for years sold bulk soap, much as "store" cheese now is sold, in large containers from which the grocer weighed it out to the customer. It did not begin to make its best known product, Ivory Soap, until 1879. At present its most familiar brands, in addition to Crisco and Ivory, are Star, Lenox and Kirk's yellow soaps, P. & G., Camay, Chipso, Oxydol, Duz, Jap Rose, American Family, Lava and Grandma's Washing Powder.

By cutting selling expenses and with the help of lower raw material prices, in the fiscal period ended June 30th, 1930, Procter & Gamble increased net profits about 17% with net sales gaining only about one-half of one per cent. Net earnings were $22,450,600 compared with $19,148,933 in the preceding year and $10,375,159 as recently as 1925. Net earnings have been larger each year since 1921, and the aggregate annual amount distributed as common dividends has not decreased once over a period of forty years, rising gradually from $180,000 in 1891 to $9,998,870 in 1930.

Dividend requirements on the common stock for the fiscal year begun July 1st, last, at the newly established rate of $2.40 per annum (against $2 previously) will be about $15,360,000, and there is a possibility that the cash rate may be supplemented with small extras in stock. Although there have been at least 450 dividend cuts or omissions since the beginning of 1930, Procter & Gamble actually has increased its regular rate 20%.

Financial Position

The balance sheet as of June 30th, 1930, showed cash and equivalent in excess of total liabilities and current assets of 87.6 million against 6.4 million current liabilities. Good will, although of inestimable value, has been written down to $1. A footnote stated that J. P. Morgan & Co. had an option to buy $90,000 shares of treasury common stock at $80 a share, and it is known that the House of Morgan previously purchased two other blocks of the company's common stock. If anything need be said of Procter's credit, it might be mentioned that several years ago it was able to sell an issue of 4½% debenture bonds, being one of a very few American corporations able to finance on such terms at the time.

Like other super-industrials, the management, probably with the encouragement of the company's bankers, has seen fit to split up the shares so that they may sell at a popular price. This has necessitated a rather large common stock issue. At present there are about 6,400,000 shares of common issued preceded by $10,800,000 of 4½% debentures, $2,250,000 of 8% preferred and $12,500,000 of 5% preferred. The common stock in the year ended June 30th, 1930, earned $3.38 a share compared with $2.89 a share in the preceding year. Sales volume in the year ended June 30th was $31.70 per share; on this basis it takes a margin of profit of a little less than 7.6 cents on a dollar to cover the dividend. This year sales volume per share probably will be larger because of recent acquisitions. The margin of profit on gross sales last year was about 10½ cents on a dollar.

This company is founded upon the same broad financial principles as some of our largest and most successful corporations, and is under the same financial sponsorship as Standard Oil of New Jersey, United States Steel, American Telephone and the Pennsylvania Railroad. Its shares naturally will continue to sell for a larger number of times per share earnings than those of most companies. Expansion abroad is just beginning, and there is every reason to feel that sales in this country will continue to grow in the future as in the past.

The stock is of investment calibre, and is worthy of being included in any broad list of American industrials. Perhaps it is the best American investment in trademark advertising. As the stock market recovers, there is every reason for expecting it to sell higher than ever before. In 1928 a peak price of 96 was registered. The lowest price registered in "the late unpleasantness" was 43⅛. The trading range during the summer months has been between 76 and 66.

COLGATE-PALMOLIVE-PEET CO.

It has already been stated that Colgate-Palmolive-Peet is about half as large as Procter & Gamble from a volume of sales standpoint. While this company's biggest volume is in laundry soaps, it is a very large factor in toilet soaps, the unquestioned leader in shaving soap, controls one of the most widely advertised tooth pastes (Colgate's Ribbon), and does a sizable cosmetic business. At one time it was stated that some 1,500 brands and products were produced, but in late years the efforts of the management have been devoted to weeding out, sometimes selling, the least profitable lines. From a merchandising standpoint, the criticism of the company would be that it has scattered its sales effort too much; but it should be remembered that unlike Procter & Gamble, Palmolive really is a merger of three older concerns, all of them of considerable importance, and all of them possessing an individuality which could not be sacrificed. An interesting sidelight on this is the company's clumsy name.

The genesis of the present company quite properly is traced back to its immediate predecessor, the B. J. Johnson Soap Co., established just after the Civil War. It was this company which developed Palmolive Soap. Peet Brothers, founded in Kansas City in 1872 and taken over in 1926, contributed Crystal White Laundry Soap, which is the leading white laundry soap in the West. Colgate, organized in New York in 1806 and acquired in 1928, gave the present company a much larger shaving soap business, its dental cream assets and numerous cosmetics and toilet soap lines.

Nationally or locally advertised brands, in addition to those already mentioned, are Peet's Granulated and

(Please turn to page 766)

Companies Whose Earning Position is Ahead of Last Year

The best indication of the depression-proof character of a business, the finest evidence of good management, is in the actual performance under adverse conditions. In these times of falling prices and lower earnings, those organizations whose six months' statement showed profits ahead of the corresponding period of last year, when great activity was general, deserve unusual consideration.

National Dairy Products Corp.

Six Months Earnings

1929	1930	% inc.
$7,638,943	$12,947,211	69.5

	1929	1928
Net sales.....	$360,021,483	$212,632,077
Net income...	21,576,176	16,010,169
*Common stk.	5,135,645 shs.	3,971,903 shs.
Earned p. sh.	$4.04	$3.82

* Adjusted to reflect stock dividends.

BY virtue of a well-conceived and orderly program of expansion, involving the acquisition of established companies from time to time, National Dairy Products Corp., has become one of the leading manufacturers of ice cream and dairy products, as well as one of the foremost distributors of milk and cream. A subsidiary, the Sheffield Farms Co., operates a chain of general grocery and vegetable stores. The financing of the company's increased scope has been accomplished mainly through the exchange of securities, but in spite of the frequent increases in capitalization, earnings have given adequate support and new properties have been absorbed smoothly and with almost immediate favorable effect.

Earlier this year, the company consummated the acquisition of Kraft-Phenix Cheese Corp., a move destined to be productive of substantial benefits both in the current and subsequent years. Not only did Kraft-Phenix greatly enlarge National Dairy's field of distribution, it brought to the company's fold, in addition to well known brands of cheese, the largest selling brands of salad dressing and mayonnaise and a substantial volume of sales in malted milk. The close relation of the activities of the two companies strongly suggests that their complete co-ordination will be achieved more promptly than is generally the case in large industrial mergers of this type.

Last year Kraft-Phenix showed a margin of profit of slightly over 4% on a sales volume of $86,393,675, as contrasted with a margin of profit of about 7% for National Dairy. Undoubtedly, there have been economies of operation already effected which will expand Kraft-Phenix's margin of profit above last year's level and to an extent which should be reflected in augmented earnings. A generally lower price level for the various products of National Dairy may prevent the company from attaining the estimated sales volume of $400,000,000 this year but, supported by the evidence of earnings in the first six months, profits will escape any material diminution.

Consolidated net earnings for the six months ended June 30th, this year registered a gain of 69% over the corresponding period of 1929 and totaled $17,127,443. After allowing for interest, taxes and preferred dividends, net income was equivalent to $2.16 on the 5,971,636 shares of no-par common stock outstanding at the end of the period. The contrasted results for the first half of 1929 when the equivalent of $1.85 was shown on 4,124,441 shares emphasize the extent of the company's current progress. Conservatively estimated, per share results for the full year should equal, if not exceed $4.50 per share for the common.

Although no recent balance sheet is available, the financial position is characteristically sound. Capitalization, in addition to the common stock, consists of $81,282,500 5¼% debentures, 66,804 shares of 7% Class A preferred stock and 49,950 shares of 7% Class B preferred stock. There is also a small subsidiary funded debt.

In the interests of furthering the plans for expansion, the management has hoarded the company's liquid resources and at the present time cash dividends are being paid to common shareholders at the modest rate of $2 per share annually. In addition, however, a stock dividend of 1% is paid quarterly. Considering the company's sustained progress, particularly in a year fraught with handicaps, its well earned leadership and the clarity of the outlook for future growth, the present market price of 52 for the common should attract the discriminating investor in equity issues.

General Refractories Company

Six Months Earnings

Per Share

1929	1930	% inc.
$4.13	$4.60	11.3

Year		Net Income	Per Share
1930	(Estimated)....	$3,000,000	$10.00
1929	....	2,553,124	8.51
1928	....	1,374,581	4.58
1927	....	1,425,560	4.75
1926	....	1,241,766	4.14
1925	....	1,169,243	3.90
1924	....	627,096	2.09

GENERAL REFRACTORIES COMPANY is a conservative, old-established concern engaged in a business to which, the sometimes loosely used phrase, "depression proof" does actually apply. The business consists in the manufacture of fire-brick and other refractory materials. In late years great progress has been made towards diversification and now, instead of nearly 100% of the output being taken by the steel industry, this business, although greater than ever, represents less than half the total. In connection with diversification an interesting recent development has been an investment in the Northwest Magnesite Co., manufacturers of "Thermax" a fireproof board with insulating qualities made from refractory raw materials.

The company's depression-proof character, clearly confirmed by the reports already issued for the present year, arises from the fact that in periods of industrial depression, steel, cement, copper and other manufacturers take the opportunity to put their furnaces in first class condition in order to take advantage of even the preliminary stages of a trade revival.

The principal raw materials used by the company are fire-clay and silica and a farsighted policy, insuring ample reserves, has been followed. These reserves are calculated to be sufficient for a hundred years. General Refractories owns, leases or has mineral rights upon over 20,000 acres of land, not including coal property in Pennsylvania. Eighteen plants, situated at strategic points throughout the United States, have a combined capacity totaling some 1,200,000 bricks per day.

A successful export business depends primarily upon a high grade product of staple consistency. It is not always appreciated that a defect found at 17,000 feet in the Andes presents an entirely different problem from the same defect encountered in a Pittsburgh steel mill. The company's steadily increasing exports attest to the efficiency of a research department having as its object among other things: 1. Uniformity of product. 2. Betterment of product. 3. Development of new products.

The company has recently attained the simplest of all capital structures. There are but 300,000 shares of common stock outstanding, no funded debt and no preferred stock. Incidentally, the stock has a book value very close to the present market price, even taking the company's figures which are ultra-conservative.

The estimated earning rate of $10 per share for the whole year 1930, is by no means unreasonable as it is based upon reported earnings for the first six months of $1,381,516, equal to $4.60 per share and it is said that unfilled orders on hand are sufficient to afford a good volume of business all through the third and fourth quarters of this year. Earnings for the six months ended June 30th, 1929, amounted to $1,239,989, equal to $4.13 per share on the present capitalization of 300,000 shares.

The present dividend on the common stock of General Refractories Company is $4 plus $1 extra and affords a yield of approximately 6½% at present market prices. This company, well intrenched in the domestic field, enjoying a steadily increasing export business and having an unbroken dividend record for twenty years, is one of a select minority showing better earnings for the first six months of 1930 over the corresponding period of 1929 and clearly appears to be a purchase as a common stock investment.

Other Leading Companies Ahead of Last Year Analyzed in Recent Numbers of The Magazine of Wall Street

	Net Earnings 1929 First Six Months	Net Earnings 1930 First Six Months	Per Cent of Increase
Air Reduction	$2,730,334	$2,883,845	5.6
Allis-Chalmers	2,179,088	2,351,540	8.0
American Mach. & Fdry.	1,227,442	1,635,641	33.3
American Tel. & Tel.	80,102,039	81,671,847	2.0
Bangor & Aroostook R. R.	916,459	1,300,058	42.0
Best & Co.	527,531	605,387	14.6
Caterpillar Tractor	5,279,431	5,622,965	6.5
Coca-Cola	6,491,964	7,181,812	10.7
Colgate-Palmolive-Peet	3,163,149	3,760,625	19.0
Consol. Film Industries	1,158,566	1,239,929	7.0
Continental Oil (Del.)	2,200,527	2,643,820	20.2
General Foods	9,848,057	10,629,716	8.0
Hershey Chocolate	4,224,869	4,253,714	0.7
Int'l Business Mach.	3,213,601	3,654,310	13.7
McKeesport Tin Plate	1,084,562	1,513,850	28.4
Paramount Publix	5,130,000	8,434,000	64.0
Pullman	7,562,998	9,859,759	30.4
United Gas Improvement	16,348,298	19,962,978	22.1
U. S. Pipe & Fdry.	826,318	1,525,932	84.7
Wrigley (Wm.) Jr.	5,211,990	5,657,881	8.6

Foster Wheeler Corporation

Six Months Earnings Per Share

1929	1930	% inc.
$3.35	$4.28	28

	Net	Per Share
1930 Estimated)	$.........	$9.00
1929	1,617,437	6.27
1928	804,396	2.83
1927	475,703	1.44

Based on 19,319 pref., 236,449 com.

IN January, 1927, two old-established companies, the Power Specialty Company, founded in 1900, and the Wheeler Condenser and Engineering Company, dating from 1891, were merged to form the present Foster Wheeler Corporation. The company is a very important manufacturer of specialized engineering equipment and its products are known all over the world. Its main activities embrace the design, manufacture, sale and installation of apparatus tending towards economy in the operation of steam boilers. This apparatus which represents about 80% of the cost of a modern steam generating plant, takes the form of pulverized fuel systems, superheaters, water cooled furnace walls evaporators, fuel water heaters, air heaters, pumps and other devices, all of which are installed with the idea of obtaining greater energy per pound of coal.

Foster Wheeler Corporation does a large marine business and has recently developed a boiler which utilizes the heat generated by a Diesel engine. The present activity in shipbuilding will prove advantageous. Another, and even more important phase of the company's business is the production of single flash distillation units for use in the oil industry. This equipment is reported as so economical that oil companies throughout the world are remodeling their plants.

The capitalization of Foster Wheeler Corporation, as of June 30, 1930, consists of 19,319 shares of 7% cumulative, convertible preferred and 236,449 shares of common. The preferred is convertible at any time prior to July 1, 1937, into two and a half shares of common and is redeemable at 115 at any dividend date on sixty days' notice. As regards the estimated per share earnings of $9 for 1930, it should be realized that conversion of the preferred will have the effect of lowering these earnings. Should all the preferred be converted, these earnings of $9 per share would be reduced to slightly under $8.

The common is now on a $2 annual dividend basis and although the yield at the present price of about 90 is small, the company could easily increase it. There is no funded debt and the company reports a strong balance sheet position.

Unfilled orders amounted to $10,700,000 on June 30, last, against about

$6,600,000 on June 30th, 1929, an increase of 62%. $9,300,000 was shown for the beginning of this year.

Plant operations of the Foster Wheeler Corporation are said to be at capacity, which is not altogether surprising insomuch as the whole keynote of the company's existence is economy. This is apt to have a greater appeal during a time of industrial depression than would otherwise be the case and the business already done by the company during 1930 certainly confirms this viewpoint. Also, taking into consideration the world-wide popularity enjoyed by Foster Wheeler products, the excellence of the company's management and its proven research division, it would appear that future prospects were more than ordinarily bright.

Drug Inc.

Net Profits

First Half 1929	First Half 1930	% inc.
$7,430,135	$10,542,007	42.1

	1929	1928
Earned per share	$6.35	$5.50
No. shares outstanding	2,678,713	2,183,990
Current assets	$51,964,843	$46,398,535
Current liabilities	9,989,255	10,251,078
Working capital	41,975,588	36,147,462

Price 77 Div. $4.00 Yield $5.20

AFFORDING an equity in a company which is easily the world's foremost organization in its field, the shares of Drug, Inc., combine the essential features of a sound investment issue to a degree which should tend to inspire no small measure of confidence at this time, when unusual care and discrimination must be exercised in the selection of common stock investments.

Drug, Inc., functions in the capacity of a holding company, having been organized to expedite the merger of United Drug and Sterling Products and numbers among its controlled subsidiaries a group of established companies, including Bristol-Myers Co., Three-In-One Oil, Life Savers, Household Products, Vick Chemical, Owl Drug and others. Another highly important unit is the Boots Pure Drug Co., which operates a chain of nearly 900 stores in England, retailing drugs and a host of other products familiar on the shelves of domestic drug chains. The company's system of retail stores in the United States extending from coast to coast is the largest in the world and among others includes the Liggett and Owl chains. Manufacturing activities of controlled units cover a wide variety of medicinal products and drug store merchandise, much of which is retailed under the trade-mark of Rexall. Such other well-known preparations as Ipana toothpaste, Cascarets, Bayer's Aspirin, Diamond Dyes, Sal Hepatica, Castoria and Phillips Milk of Magnesia, all of which enjoy a large sales volume, are among the company's products.

In addition to the company's own retail chain, distribution is considerably augmented by a large group of privately owned drug stores franchised to handle Rexall products. It is understood that such stores number in the neighborhood of 10,000, having grown from about forty when United Drug was originally organized in 1902. All of these dealers are stockholders in Drug, Inc., and it is thus apparent that this unique merchandising arrangement is of mutual benefit to all concerned.

At the present time capitalization of the company consists of 3,501.499 shares of stock, paying annual dividends at the rate of $4 a share. Funded indebtedness is comprised of a $40,000,000 issue of 5% debentures due in 1953 and $3,000,000 5% serial notes, 1931-1933. Real estate mortgages of subsidiary companies total $899,418. The balance sheet of the company at the close of last year revealed an exceptionally strong financial position, with a ratio of current assets to current liabilities of better than 6 to 1, and cash alone was more than one and one-half times current liabilities.

Responding to the company's steady growth in scope and prestige, earnings have shown a very gratifying upward trend. Based on the number of shares outstanding at the close of 1929, earnings last year were equivalent to $6.35 per share. These results, however, included earnings of subsidiaries only from date of acquisition, and made no allowance for Drug's equity in undistributed profits of subsidiaries. In the first six months of this year net profits gained substantially over the corresponding period and amounted to $3.01 per share on the outstanding stock. Due, however, to the smaller amount of stock issued, per share earnings in the first half of 1929 were equal to $3.10.

While it is unlikely that the company has fully escaped the effects of restricted purchasing power brought about by unemployment, the nature of its business is such that a desirable element of stability is present. The fact that many of its products are widely advertised and retailed at popular prices is a favorable point. Moreover, the long experience of the management should do much to insure a careful control of expense items. Manufacturing activities do not require large and expensive inventories and the importance of this phase of the company's activities is emphasized by the recent report that manufacturing profits have more than offset the moderate decline in retail sales. Taking these various factors into consideration, profits for the full year should exceed an amount equivalent to $6 a share on the stock.

Recently quoted at 77 to yield 5.20, the stock affords a satisfactory income return, considering the company's dominant position and sustained earning power. Further, the excellent financial position and present rate of earnings, strongly suggests the possibility of an upward revision in the rate of dividend.

General American Tank Car Co.

Six Months' Earnings

1929	1930	% inc.
$2,706,723	$3,653,700	34.8

	1929	1928
Gross Sales....	$30,181,826	$23,354,315
Net Income....	5,770,741	3,910,753
Capital Stock..	763,772 shs.	608,399 shs.
Earned per Share	$7.56	$5.64

WHILE the construction and leasing of tank cars constitutes the major activity of General American Tank Car Co., its name gives hardly more than a hint of the company's scope. The past several years have witnessed an extension of the company's operations to embrace a number of other fields for which its experience and facilities were readily adaptable. Refrigerator car operations are assuming increasing importance, this division having been enlarged considerably as a result of the acquisition of the Union Refrigerator Transit Co. last year, and it is reported that 500 cars of the express refrigerator type will be added to the fleet this year.

The company has been responsible for the development of glass lined tank cars for the transportation of milk and enjoys a monopoly in this particular field. Other important developments originating in its research department include specially designed units for moving helium gas and refrigerator cars supplied with the new "dry ice." A subsidiary owns terminal facilities located at New Orleans, reputed to be one of the largest properties of its type in the world.

The company's fleet of cars, numbering in excess of 40,000, serves a diversity of industries, including such important and growing ones as the oil and chemical, and it is to the broad scope of operations that earnings owe their immunity from the effects of the

current business recession. Profits for the first six months of this year amounted to $3,653,700, a substantial gain over the figure of $2,706,723 in the same period of 1929. On the basis of the 797,422 shares of stock outstanding at the present time, earnings for the most recent period would be equivalent to $4.58 a share, a very satisfactory contrast with $4.07 on 665,616 shares in the initial six months of last year.

General American Tank Car has a simple capital structure, comprised solely of 797,422 shares of common stock and, according to the most recent information, $17,558,000 in equipment trust certificates. The company's balance sheet published at the close of last year disclosed a sound financial position and one item particularly seems worthy of comment. Investments increased $5,454,121, indicating a substantial gain in the company's interest in affiliated companies. In this connection, it may be pointed out that income from the latter sources will doubtlessly make an important contribution to current earnings. Moreover, profits of foreign subsidiaries, not in operation last year, will further augment 1930 results.

While it is probable that new orders for the construction of tank cars have dropped off to some extent, actual orders on hand were officially reported to be sufficient to sustain manufacturing activity well into the fourth quarter. Normally, the third quarter is the most active in the leasing division. It therefore appears to be a safe conclusion that the company will earn in excess of $9 a share, or more than double the present cash dividend of $4 annually. At the present time, it is the policy of the company to supplement cash payments by a quarterly stock dividend of 1%, permitting the retention of cash resources for expansion purposes, but at such time as the management considers such course advisable, cash dividends could be easily increased.

Prevailing quotations around 85 represent a very conservative valuation of both the company's current earnings and excellent future prospects and the shares fall readily into that category of issues combining the various features so essential to the selection of common stock investments under existing conditions.

For feature articles to appear in the next issue see page 717

Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1927	1928	1929	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	133.40	133.73	182.20	No	88	4.5
Union Pacific	4 (N)	39.85	46.32	49.48	No	86	4.7
Atchison, Top. & S. Fe......	5 (N)	40.47	40.21	49.18	No	106	4.7
Baltimore & Ohio	4 (N)	38.44	49.44	48.87	No	81	4.9
Pere Marquette Prior	5 (C)	64.08	75.60	55.50	100	97	5.2
Colorado & Southern 1st......	4 (N)	57.76	49.45	41.72	No	75	5.3
Southern Railway	5 (N)	36.17	32.11	30.21	100	92	5.4
N. Y., Chicago & St. Louis....	6 (C)	20.31	17.68	20.49	110	107	5.6
N. Y., New Haven & Hart....	7 (C)	22.05	34.40	45.47	115	120	5.8
Kansas City Southern	4 (N)	9.04	14.01	16.02	No	67	6.0
**St. Louis, San Francisco ...	6 (N)	15.28	17.44	20.76	115	94	6.4
Colorado & Southern 2nd.....	4 (N)	53.76	45.46	37.72	No	62	6.5
Missouri, Kans. & Tex........	7 (C)	13.06	16.34	14.31	110	95	7.4

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1927	1928	1929	Redeemable	Recent Price	Yield %
Amer. Lt. & Traction........	1½ (C)	12.72	**17.20	**21.38	No	30	5.0
Public Service of New Jersey	8 (C)	§16.28	20.92	19.04	No	155	5.2
Pacific Gas & Elec. 1st......	1½ (C)	3.49	4.24	4.57	No	28	5.4
Columbia Gas & Electric "A"	6 (C)	25.42	30.78	33.95	110	109	5.5
Engineers Publ. Serv. (w. w.)	5½ (C)	....	8.79	17.65	110	100	5.5
North American Co..........	3 (C)	31.74	40.29	47.48	55	54	5.6
United Light & Power Conv..	6 (C)	....	....	15.42	105	108	5.6
Philadelphia Co.	3 (C)	28.06	21.75	27.58	No	54	5.6
American Water Works & El.	6 (C)	24.30	31.05	39.11	110	104	5.8
United Corp.	3 (C)	....	....	4.66	55	50	6.0
Hudson & Man. R. R. Conv..	5 (N)	40.70	37.02	42.89	No	82	6.1
Standard Gas & Electric.....	4 (C)	16.76	14.07	20.39	No	66	6.1
Federal Light & Traction.....	6 (C)	39.67	49.93	51.72	100	96	6.3
Electric Power & Light.......	7 (C)	16.21	17.00	19.03	110	110	6.4
Amer. & Foreign Pow. 2nd...	7 (C)	3.58	5.33	8.82	105	96	7.3

Industrials

	Div. Rate $ per Share	Earned $ per Share 1927	1928	1929	Redeemable	Recent Price	Yield %
Hershey Conv.	†5 (C)	....	16.25	21.36	No	101	4.9
Mathieson Alkali Works......	7 (C)	74.06	84.50	93.91	No	130	5.4
Case (J. I.) Thresh. Mach...	7 (C)	38.43	32.59	35.06	No	126	5.6
Bethlehem Steel Corp........	7 (C)	16.32	19.16	42.24	No	126	5.6
Deere & Co.	1.40 (C)	5.15	5.90	9.64	No	24	5.8
Stand. Brands, Inc., Cum. A.	7	126.34	123.40	129.41	120	119	5.9
Brown Shoe	7 (C)	44.12	85.27	44.11	120	117	6.0
General Cigar	7 (C)	67.32	62.81	85.92	No	116	6.0
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	117	6.0
Bucyrus-Erie	7 (C)	....	39.34	48.31	120	116	6.0
Crucible Steel	7 (C)	22.47	22.54	32.65	No	109	6.4
International Silver	7 (C)	30.82	27.48	23.82	No	107	6.5
Baldwin Locomotive	7 (C)	12.21	1.66	11.50	125	107	6.5
Commerc. Investm. Trust 1st.	6½ (C)	24.36	45.50	81.92	110	99	6.6
Associated Dry Goods 1st.....	6 (C)	24.10	24.55	23.91	No	91	6.6
Bush Terminal Debentures....	7 (C)	18.88	20.55	22.34	115	105	6.7
American Sugar	7 (C)	7.97	14.60	15.40	No	103	6.8
Radio Corp. of Amer. "B"....	5 (C)	....	....	19.44	100	74	6.8
Tidewater Asso. Oil conv.....	6 (C)	7.35	19.49	19.10	105	85	7.1
Goodyear Tire & Rubber.....	7 (C)	18.80	18.90	28.69	110	94	7.4
U. S. Smelting, Ref. Mining.	3.5 (C)	6.28	8.43	9.91	No	46	7.6

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock. † Regular rate, $4.

MINING

KENNECOTT ANACONDA

Low Costs Give Powerful Advantage

Two Great Leaders in a Position to Dominate Copper Market on Production Cost Basis

By WILLIAM KNODEL

EVER since the collapse early last Spring of the copper producers' spectacular attempt to peg the price of the metal at the 18-cent level, the industry has gradually but inevitably fallen into a state of demoralization. A reflection of this condition is seen in the price situation, the metal recently selling at the extremely low level of 10¾ cents per pound in the domestic market, breaking through the previous record low price of 11 cents per pound established as far back as 1902. The price of a commodity after all is a fairly accurate gage of conditions in any particular industry, as it is the composite result of the forces of supply and demand acting on the commodity at any given time.

The seriousness of the copper situation may better be realized when the tremendous inventories of the metal are taken into consideration. These have been accumulating almost without interruption ever since April of 1929, in the face of the pegged price which was maintained for a full year, and despite the steadily increasing curtailment of production by many of the large producers. Stocks of copper on hand are at present equivalent to approximately six months' requirements under normal consumption, being larger than any time since after the war period. Unquestionably this burden will exert a depressing influence on the market for a considerable length of time.

The predicament in which the copper producers find themselves is that few of them even under normal conditions of production can make a profit at the current low price for the metal, but with curtailment practically forced on the industry because of diminished demand and the tremendous inventories, production costs per pound have automatically increased. They are caught in a vise, between the jaws of high costs and low selling price, and as the clamp becomes tighter the less profit margin there is for the companies.

Cost Estimates Based on 1928 Operations, Believed to Be More Nearly Normal Than 1929 Results. The Average Operating Cost is 8.2 Cents Per Pound for the Total 2,720,000,000 Pounds.

The copper industry is notoriously of the "prince or pauper" kind. In the "pauper" stage, such as it no doubt is in at the present time, recovery is a long drawn-out process, judging from past history. Indeed, the industry is characterized by a high degree of inertia with but slow adjustments to concurrent conditions, although in recent years concentration into a relatively few large companies through horizontal combinations was obviously designed to overcome this condition. The dominant interests have even gone further by integrating their organizations to include a large share of the country's fabricating outlets. In such periods when the industry attains the princely rank there is a tendency to overproduce and oversupply with the result that the industry must again go through an extended period of readjustment.

Prosperity in the copper industry is directly tied up with the general business situation, but certain differences are prominent. Because of the large degree of inertia which is inherent in the copper industry, it takes a considerably longer time for adjustments to be made, with the result that the industry lags on the recovery by an interval of many months after general business has definitely turned the corner and started on a new cycle of prosperity. On the other hand, when general business has reached a peak after a long upward swing in the cycle, the copper industry is one of the first to be affected in the subsequent downswing. The result is that the copper industry enjoys only a relatively short period of prosperity.

Like many other industries, the copper industry is faced by the problem of excess of producing capacity. The effective control of output aids the industry to continue at all times on a rational basis, but left solely to the vicissitudes of economic forces, adjustments during a period of depression are painful. Much has been accomplished in the past seven years through mergers in concentrating the production of copper into fewer and stronger hands but there still exists enough independent and uncontrolled capacity to prevent assurance of a reasonable measure of stabilization to the industry.

With conditions as they are in the copper industry, the question logically arises what course the dominant interests will follow. The present low price of the metal permits profitable operations only to some of the lowest cost producers, for current levels are actually below the cost of production for many of the so-called high and medium cost copper companies. As there is nothing in the situation which would indicate a quick change for the better in the near future,, the prospects for the higher cost producers are decidedly discouraging and many of them may be forced to suspend operations entirely. The inexorable laws of economics will suspend the operations of the marginal producer through a process of the survival of the fittest, which are in this instance the efficient low cost producers, until a healthy relationship between production and consumption is reestablished.

Because of the large inventory on hand and enforced curtailment, even the low cost producers find it difficult to carry on operations profitably at the present time. They are, however, in much better position than the high cost producers and it is largely in their hands wherein rests the future course and destinies of the copper industry. Two separate courses are open to them. The first is one of benevolence in which they will continue much as they are now, holding their production down to a minimum until general business improves sufficiently to reduce inventories down to a normal supply and sooner or later result in an increase in the rate of consumption to warrant stepping up production. As soon as this stage is reached, the price will rise gradually permitting the higher cost producers to operate at a profit again. Such a policy, obviously, is a lenient one to the high cost producers extending them the hope of an early recovery as soon as general business improves. It is, moreover, a policy of optimism based on faith in the early recovery of general business.

Low Cast Producers Can Capture Market

The other policy which the leading low cost producers, such as Anaconda and Kennecott, may pursue is an aggressive one, designed to protect their own interests only and one which will insure the elimination of the marginal producer more quickly. Instead of curtailing output at the low cost mines as at present, thereby increasing the cost per pound, operations might be concentrated on these properties and conducted at the highest rate possible, resulting in capacity output, with a consequent lower output cost per pound of copper. If this policy were put into effect now, it is obvious, considering the large supply of the metal currently on hand that the price of copper will continue low, in fact may even drop below the current level, but the elimination of the high cost producer will be hastened. The entire copper market will then be left in the hands of the big, low-cost producers who, while not showing exceptionally large profits, will probably earn much more than they would if operations were on a curtailed basis.

The Two Copper Giants Compared

	KENNECOTT	ANACONDA
Output (1929)	501,134,007 (1)	990,569,463 (2)
Approx. Cost of Production:		
Operating costs only per pound...	7.2 cts.	7.3 cts.
After depreciation	7.8 cts.	9.0 cts.
Earned per Share:		
1929	$5.55	$7.83
1928	4.86	6.62
Estimated Earnings on Common*		
10 cent copper	1.20	0.62
11 cent copper	1.82	1.74
12 cent copper	2.44	2.86
13 cent copper	3.06	3.98
14 cent copper	3.68	5.00

(1) Exclusive of Nevada Consolidated and Motherlode properties, Nevada Consolidated in 1929 produced 266,274,918 lbs. of copper. Through Utah Copper Co., Kennecott controls 43% of Nevada Common stock.

(2) Including output of Chile, Andes, Greene Cananea and International Smelting.

* With normal production, and including equity in Nevada Consolidated in the case of Kennecott Copper.

A policy of unrestricted production by the low cost mines is more likely to be put into effect if consumption of the metal shows little or no signs of increasing in the future. The relative permanency of excess capacity in the industry will then become more and more an established fact, and the uneconomic principle of continuing curtailment without the hope of a change for the better will be recognized as fallacious. The object of reduced operations by the low cost mines was inaugurated originally to prevent the price of copper from dropping too far, but finding that it has utterly failed to do so, it is apparent that the industry can seek stabilization only through a natural adjustment of supply and demand, with each company standing on its own feet.

The copper industry, of course, has passed through similar periods before, but has successfully pulled itself out of the morass time and again. In years of depressed business, the copper industry has nearly always been flat on its back, harder hit than most other industries. But the copper industry is a basic one. World consumption of copper metal over a long period of years has increased at the annual rate of approximately 6% and in all probability will continue to increase for many years to come. The trouble arises from the fact that the increase is not uniform; the sharp drop in demand during periods of general business depression throws the whole industry out of gear, making necessary painful readjustments subsequently.

Close students of the copper industry are of the belief that the present price level is at or near the bottom, and an advantageous point at which consumers can build up reserve stocks. For a time, the price may follow an erratic course and even drop below the recent low, but eventually the factor of production costs will exert its influence to bring the price to an equitable level. Just how near the present price is to the ultimate low price on the current downward move may be judged from a study of costs in the copper industry. Statistics compiled by the United States Tariff Commission reveal that in 1929 approximately 46% of the domestic output of copper cost 11 cents or more to produce. This estimate excludes the low cost South American producers, but if these are taken into consideration, then approximately 26% of the total North and South American production costs more than 11 cents per pound, or in excess of the present selling price

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EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

Cash Reserves and Investments

OF unusual significance at this time is the marked increase shown in savings bank deposits. The National Association of Mutual Savings Banks, whose members hold more than 30% of all the savings in the country, reports a gain in deposits of nearly $274,000,000 for the first half of this year. Does this mean that many investors, temporarily at least, prefer to accept 4% interest until investment and economic conditions have definitely improved, or does it indicate that wage-earners and salaried employees, anxious lest slack business deprive them of their job, are limiting their spending to bare living necessities and are providently laying aside a greater portion of their earnings than normally? Unfortunately, both of these are veritable contentions.

For the investor endowed with average judgment and patience, opportunities for the safe employment of funds in the familiar mediums were never more plentiful. If the tastes and requirements of the individual necessitate extreme conservatism, there is a wide choice of high grade bonds yielding as much, if not more than a savings account. Preferred stocks, with dividends being earned many times over and offering attractive yields, strongly challenge the wisdom of complete investment neutrality. Common stocks, affording an equity in many of the leading and most successfully managed enterprises in the country, have been liquidated to levels which, in a few short years, will seem ridiculously low. From one point of view, it is difficult to understand, therefore, by what process of reasoning an investor chooses to disregard a situation so fraught with opportunities.

On the other hand, it is not difficult to visualize the motives which prompt the worker to protect the welfare of his family. The sudden loss of his means of livelihood is a major tragedy and the worker, under existing conditions, has no alternative but to provide himself with reserve resources. As in all practices, however, both good and evil, the fault lies in overdoing it. In the aggregate, strict economy beyond a reasonable limit will defeat its own purpose.

Presumably, the accumulation of funds is done with a fixed purpose in mind. Cash reserves are an essential part of every investment program and money in the bank gives the worker confidence and funds to supply his wants. Yet the investor who does not recognize the occasion to use a part of his reserves and the worker who overlooks the multitude of bargains in all manner of merchandise, are guilty of neglecting their opportunities and retarding the recovery of business.

Insurance to Provide a Regular Income During Old Age

Annuities Offer a Highly Advantageous Means of Securing Old Age Comfort and Independence—Other Problems of Readers Discussed

By FLORENCE PROVOST CLARENDON

Insurance Editor:

Being a constant reader of your fine magazine, would you be kind enough to write me a letter, giving your opinion as to the advisability of old people, say from 60 to 86, investing in Refund Life Annuities.

About a year ago I wrote a man a $4,000 Refund Annuity, his age 79, and he says it is the best investment in his life, bar none.
W. A. B.

We consider that annuities constitute a conservative and highly advantageous investment for elderly men and women who are entering that autumn period of life beyond the three score years. An annuity provides a specified income at stipulated periods, requiring no effort on the part of the annuitant other than the endorsing and depositing in bank of the income check regularly received. Moreover, annuities purchased through well known and reliable "Old Line" life companies frees the mind of the annuitant from financial worries and anxieties regarding further investment.

The flexibility of the annuity contract brings its desirability within the scope of the average person without responsibility for dependents. In the case of a man and wife, a *joint* and survivor annuity may be taken, providing a regular and stated income throughout their joint lives, and continuing on the death of one throughout the remaining lifetime of the survivor.

With the usual annuity contract, the income payments cease at the death of the annuitant, but if the purchaser so desires, the income will be guaranteed for a certain number of years (or other refund designated in the contract) irrespective of whether or not he lives to receive all the payments personally. This type of annuity is usually designated as a refund life annuity, and meets the requirements of those who desire a return to their estate in event of death occurring before a guranteed number of income payments have been enjoyed by the annuitant.

Insurance for a Boy

Insurance Editor:

I am considering taking a $4,000 policy for a boy fourteen years old. The policy is an ordinary life endowment policy and the rate $65.50 per year. The policy does not state for how many years the $65.50 must be paid or date of maturity.

I would appreciate your criticism of the policy.
C. R. C.

The figures you quote for a policy of $4,000 on the life of a boy age 14 are apparently those required for the annual premium of an ordinary life policy Under this contract premiums are payable throughout the life of the insured, though under this participating form he may of course apply the annual dividends allotted under his policy to shorten the premium period and make the policy paid up by this method. As the amount of dividends payable by the company is allotted each year, and not guaranteed, it is not possible to state just how long it would take to make this ordinary life policy paid up as an endowment by such application of dividends.

We would suggest that you consider a 30-payment life policy for your boy, under which all premiums are *definitely* paid up in his 44th year—the prime of life. This policy costs but little more than the ordinary life—about $4 per $1,000; and it has not only the advantage of a stipulated premium paying period, but the cash and loan values, and dividends are all higher than under the straight life form.

Endowment or Ordinary Life?

Insurance Editor:

I will appreciate it if you will give me your opinion as to ordinary life or endowment insurance for a woman in my circumstances—Age 30; Schoolteacher; Dependant, Mother.

Have been considering an endowment policy but have been told that I may fare better by taking ordinary life and investing the difference in premiums in stocks of American Telephone, U. S. Steel or Standard of New Jersey. Assuming that the stock investments would be made as promptly as the premiums were paid which plan do you favor?
L. P.

A young woman of your age, self-supporting, and responsible for a dependent, can advantageously take life insurance for the double purpose of protecting a beneficiary in the event of the insured's

(Please turn to page 769)

Savings—For Security
Insurance—For Protection
A Home—For Comfort

The Writer Points Out the Many Advantages of These Primary Investment Mediums

By Raleigh E. Ross

WHAT is the first investment every ambitious individual should make? According to innumerable successful men it is a savings account in a good bank. Many men have gone so far as to state that their success was founded on such an opportunity reserve, steadily built and ready for them at the strategic moment.

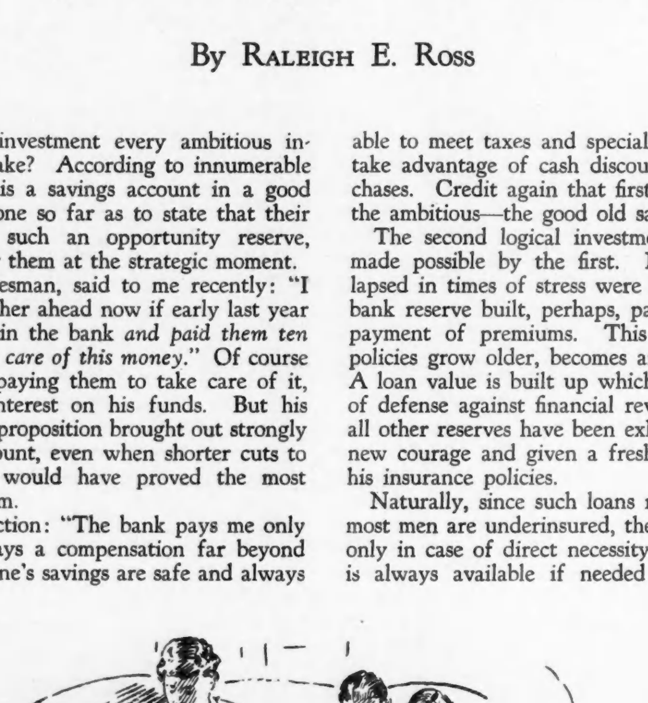
A friend of mine, a salesman, said to me recently: "I would have been much farther ahead now if early last year I had kept all my savings in the bank *and paid them ten per cent per annum to take care of this money.*" Of course he knows that instead of paying them to take care of it, he would have received interest on his funds. But his forceful way of stating the proposition brought out strongly the fact that a savings account, even when shorter cuts to wealth seemed attractive, would have proved the most profitable investment for him.

Often you hear the objection: "The bank pays me only 3% interest." It really pays a compensation far beyond that. The knowledge that one's savings are safe and always readily available is surely worth something. Also, there are depositors who make their reserve fund pay them substantially more than 3% or 4% by using part of it as a "bargain" fund. For example, during the January white sales one can buy needed articles at discounts of from 10% to 35% and even higher. If the personal reserve makes these economies possible it should have corresponding credit for the amount saved. The same applies regarding the purchase of necessities in the February and August fur and furniture sales; the January and July clothing sales, and so on.

The savings depositor, as a rule, is able to meet taxes and special assessments on time and to take advantage of cash discounts on many necessary purchases. Credit again that first and most reliable friend of the ambitious—the good old savings account.

The second logical investment, life insurance, is often made possible by the first. Many a policy would have lapsed in times of stress were it not for the policyholder's bank reserve built, perhaps, partially to insure the regular payment of premiums. This second investment, as the policies grow older, becomes an asset of increasing power. A loan value is built up which serves as a strong last line of defense against financial reverses. Many a man, when all other reserves have been exhausted, has been filled with new courage and given a fresh start, by a timely loan on his insurance policies.

Naturally, since such loans reduce protection, and since most men are underinsured, the policy loan should be used only in case of direct necessity. But the very fact that it is always available if needed strengthens self-confidence and aids advancement.



His Family, the First Consideration of Every Man

Insurance brings up two far reaching questions. To whom shall the proceeds of the policies be paid? How paid? The first question is usually easily answered. It is in regard to the second problem that most mistakes are made. After long study and observation in the insurance field from the layman's point of view, after many discussions with insurance counsellors, bankers, and business men, the second question seems to me to admit of but one sensible general answer. The proceeds should be payable to the beneficiaries over a term of years in preference to a lump sum settlement.

How many grevious

mistakes, how many investment losses, how much heartache and distress would be avoided if all policyholders would accept this principle and act upon it. Some have never considered the question. Others, while convinced that time payment is best, delay too long and their beneficiaries are no better off than those of the first class. The trail of life insurance losses is paved with good intentions. The time payment method is the modern sensible way to make insurance protection doubly sure.

Further, it is not a reflection on the business or investment judgment of the beneficiaries. The wise use of money is an art far more difficult than it appears. And usually insurance beneficiaries are women, or young people, who have had little occasion to make a serious study of investing. It is unfair to burden them with heavy responsibilities that they are ill prepared to meet and involving their future comfort and happiness. Insurance protection is not complete until this payment over a period of years arrangement is made.

This leads to a further alternative. "Shall I let the insurance company make the payments?" you may ask, "Or shall I make my policies payable to a bank or trust company as trustee and let them pay my beneficiaries under an Insurance Trust Agreement?" Either method is better than the out-worn and still too common lump sum payment way. But that answer evades the question. If one's policies are in several different companies and if there is a financial institution of unquestioned safety and stability near at hand, then the Insurance Trust method is preferable.

For example, my insurance is in two different companies and with the government—war risk insurance. If I should die tomorrow my bank would collect the proceeds of all my policies, pay my doctor's bills and funeral expenses and invest the remainder in sound, well selected securities. Each month for fifteen years my widow would receive a check for a certain definite sum. In case of sickness or other emergency which demanded more money than the monthly check allows, the trustee is authorized to pay out of the principal any larger sum that may be needed. This desirable provision is made possible through the flexibility of the Life Insurance Trust as contrasted with the rigid time payment options offered by the insurance companies.

The Insurance Trust permits the insured to make other provisions which he may deem necessary or desirable. For example, if I have passed on before my daughter marries, the trustee is empowered to pay her as a gift from me on her wedding day the sum of one thousand dollars.

There is no charge for drawing the Insurance Trust Agreement and the trustee draws no fee until the death of the insured. Even then the compensation is very moderate, usually ½ of 1%. Surely, the assurance of full protection for one's dependents over a period of years is worth that small fee.

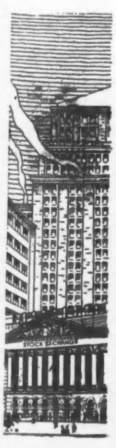
The founder usually reserves the right to amend or revoke the Insurance Trust at any time. For example, when my wife and I reach our seventies, my present arrangement will be manifestly unfair. When that time comes, I shall shorten the period of years, increasing the monthly payments. It is hardly possible to make an Insurance Trust Agreement that will fit all conditions thirty or forty years in the future. But it can serve adequately for a considerable period of years.

If desired, the same bank which is trustee of one's insurance can be made executor of one's will. This is a logical step where the estate amounts to $25,000 or more. The desirability of having the bank, as trustee, conserve the estate over a period of years can also be considered. (Some bank ought to pay me for these constructive suggestions.)

Savings account, insurance—and the third investment, a home. The other day I was talking to an insurance man of considerable experience.

(Please turn to page 772)

BYFI RECOMMENDS—



For Saving

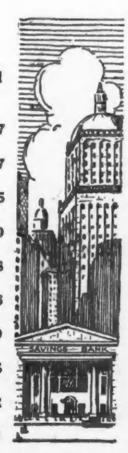
1. SAVINGS BANK. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available for employment in other mediums.

2. BUILDING & LOAN AND GUARANTEED MORTGAGES are conservative investments secured by real estate mortgages. Building & loan shares essentially a mortgage investment, are purchasable in monthly installments. Guaranteed mortgages are obtainable in large or small denominations. Both mediums must be selected on their individual merits and the reputation of the association or company.

3.—ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return should occupy a minor role in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	102	4.7
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965	105	4.7
3. Standard Oil of N. Y. deb. 4½s, 1951	100	4.5
4. Western Pacific 1st 5s, 1946	100	5.0
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	103	4.8
6. New York Steam 1st "A" 6s, 1947	108	5.6
7. Chesapeake Corp. Conv. Coll. 5s, 1947	101	4.9
8. Associated Dry Goods 1st 6% Pfd.	92	6.5
9. Hudson & Manhattan Conv. 5% Pfd.	81	6.2
10. Southern Pacific Common $6	116	5.2



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed, are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Confidence Returning As Fall Approaches

Business Indicates Moderate Improvement—Prices Soft

STEEL

Sentiment Favors Improvement

ALTHOUGH sentiment in the steel industry is being couched in more optimistic terms, actual improvement thus far has not been conspicuous and while the force of seasonal influences offer hope of at least a temporary revival of demand, the late Fall and Winter prospect remains a matter of nebulous conjecture. Qualified to the extent of suggesting the possibility that some unforeseen development or developments will provide the much-needed acceleration to a revival of confidence and an ultimate recovery of business, an estimate of the probable trend of the steel industry beyond a moderate seasonal improvement is not yet justified.

Bright spots which under more prosperous circumstances would escape

(*Please turn to page* 772)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1930 High	1930 Low	1930 Last
Steel (1)	$34.00	$31.00	$31.00
Pig Iron (2)....	18.50	18.00	18.00
Copper (3)	0.17¾	0.10¾	0.10¾
Petroleum (4)...	1.45	1.18½	1.29
Coal (5)	1.65	1.40	1.43
Cotton (6)	0.17½	0.11¼	0.11¼
Wheat (7)	1.46⅛	1.01⅝	1.08⅛
Corn (8)	1.19⅛	0.92⅝	1.17⅝
Hogs (9)	10.85	9.00	10.25
Steers (10)	16.50	10.75	10.75
Coffee (11)	0.10¼	0.07½	0.07½
Rubber (12) ...	0.16⅜	0.09⅞	0.09⅞
Wool (13)	0.34	0.28	0.31
Tobacco (14) ...	0.14	0.14	0.14
Sugar (15)	0.03¾	0.03⅛	0.03¼
Sugar (16)	0.05¼	0.04¼	0.04⅜
Paper (17)	0.03⅛	0.03⅛	0.03⅛
Lumber (18) ...	20.33	16.78	16.78

* Aug. 23, 1930.

(1) Billets, rerolling, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per lb.; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) 220-240 lb. wts.; (10) Top, Heavies, Chicago, 100 lbs.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex Crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Fall Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Revival in the steel industry may be said to be still in the anticipatory stage. The situation, however, is not without hopeful aspects. Prices of scrap have shown a stronger tone and average steel prices continue steady. Shipbuilding, pipe line projects, structural and highways account for the bulk of consumption but demand from other important consumers has shown little, if any response to seasonal influences.

AUTOMOBILE—Price cuts have thus far proved a disappointing stimulus. Production, which reached the low point of the year in July, will show an increase in August. This, however, cannot be construed as other than temporary, on the basis of present indications. Dealers, in the meanwhile, have further strengthened their inventory position.

PETROLEUM—The effectiveness of voluntary agreements and proration regulations is reflected in the steady reduction in crude output. Refiners have also made progress in curtailing production but with the peak of seasonal production passed, a further drastic curb must be considered.

BUILDING—The trend in the value of building contracts is still downward but of late the decline has been less pronounced. Close observers of the industry see hopeful indications of improvement in the residential division. There still exists, however, an overabundance of housing facilities in the large urban centers.

TOBACCO—The sustained increase in the production of cigarettes is one of the industrial highlights of the current year. Output in July was 1,100,000,000 ahead of July, 1929, and total production for the first seven months showed a gain over the same period of last year of more than 1,530,000,000.

BITUMINOUS COAL—The seasonal upturn in bituminous coal production usually noticeable in July failed to materialize and the decline has been extended to include August. Present output is lower than for the past three years. The substantial decline in the movement of freight traffic by railroads has undoubtedly contributed largely to the present situation.

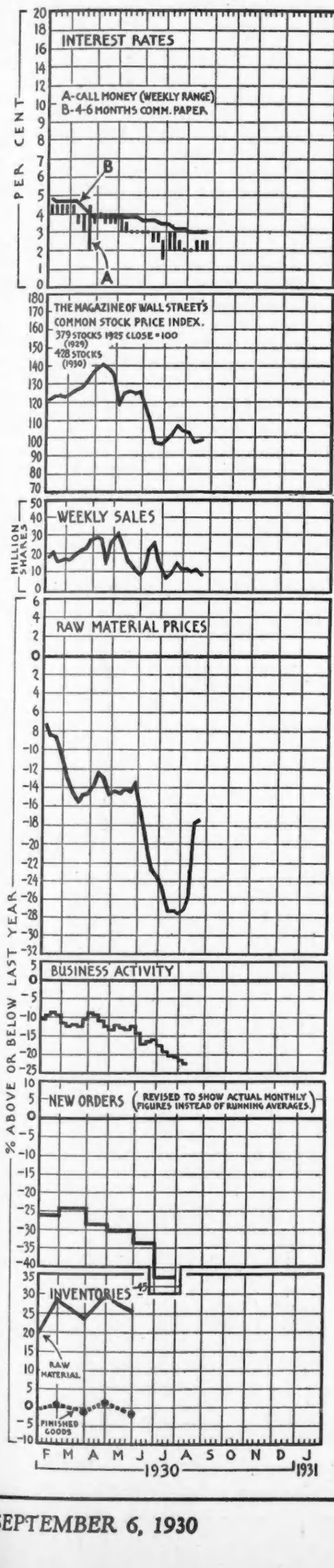
COPPER—The price situation in copper appears to be deadlocked. Producers have shown no disposition to sell below the 11-cent level and buyers are holding out for 10¾ cents. It will probably require a general business revival to produce any considerable demand. In the interim little can be accomplished toward relieving excessive stocks above ground. Export demand is listless.

AMUSEMENT—The advent of cooler weather has been accompanied by a sharp increase in the attendance at moving picture theatres. Important economies in production and exhibition have been effected by the major companies and with more attention being given to the quality of feature releases, the general outlook would seem to invite confidence.

SUMMARY—Although trade news gives but slight evidence of improvement, if any, sentiment is becoming more optimistic. This is an important indication, for revived confidence will do much to accelerate recovery.

THE MAGAZINE OF WALL STREET'S INDICATORS

Business Indexes

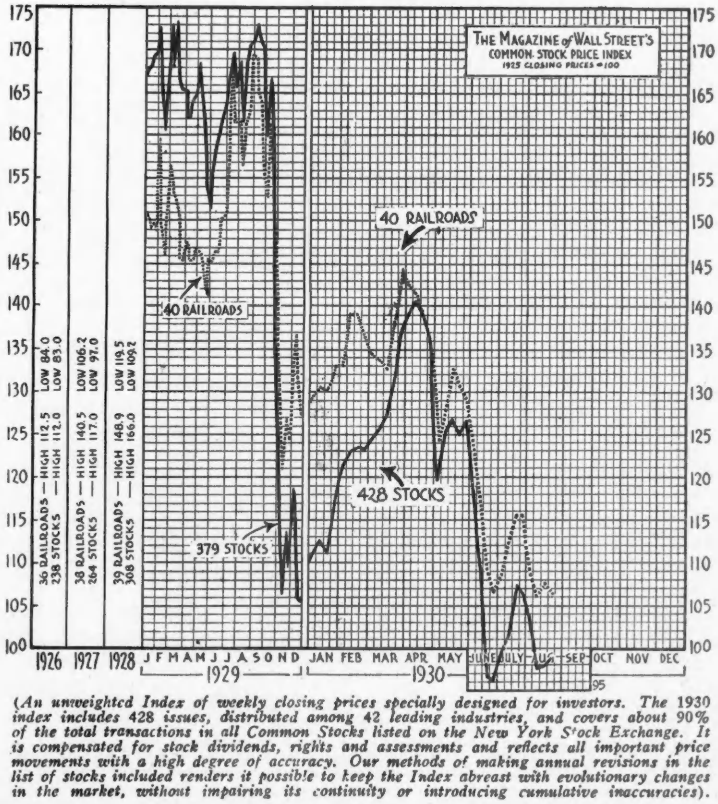


Common Stock Price Index

(1925 Closing Prices—100)

Number of Issues in Group	Group	1930 Indexes (428 Issues) High	1930 Indexes (428 Issues) Low	Recent Indexes Aug. 16	Recent Indexes Aug. 23	1929 Indexes (379 Issues) Close	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low
428	**COMBINED AVERAGE**	140.7	96.1	97.9	98.9	109.0	173.1	105.6
40	Railroads	144.5	106.0	107.5	106.2	129.0	169.5	120.8
3	Agricultural Implements	405.5	227.7	229.5	242.4	258.0	655.5	237.1
3	Aircraft (1927 Cl.—100)	153.1	82.2	87.9	94.9	86.0	307.1	78.0
8	Amusement	272.0	123.4	167.2	179.4	129.6	268.0	121.5
22	Automobile Accessories	118.1	68.4	74.6	75.1	84.2	212.6	82.9
18	Automobiles	78.4	45.3	45.3-L	45.9	54.2	134.9	52.1
3	Baking (1926 Cl.—100)........	74.2	42.3	44.7	44.4	43.4	96.3	39.8
2	Biscuit	248.1	189.9	215.2	220.0	189.9	267.6	177.0
5	Business Machines	262.7	181.2	186.8	192.3	219.4	385.8	205.0
2	Cans	226.0	162.8	176.7	183.6	171.9	273.5	157.1
9	Chemicals & Dyes	248.5	161.4	177.0	181.6	220.4	363.9	204.5
4	Coal	107.9	68.5	68.5-L	72.2	83.8	124.0	77.0
16	Construction & Bldg. Material	1[illegible]1.8	78.0	80.2	82.3	82.4	145.4	76.6
13	Copper	211.7	111.4	116.2	111.4-L	194.5	391.5	189.6
4	Dairy Products	125.1	81.4	106.7	107.9	86.5	146.0	73.3
10	Department Stores	51.6	33.9	34.1	34.2	38.0	86.5	37.5
9	Drugs & Toilet Articles.......	142.0	106.7	116.6	114.0	128.6	199.2	119.2
8	Electric Apparatus	239.1	166.5	185.5	189.3	172.9	298.5	151.3
3	Fertilizers	54.4	31.7	36.2	34.9	40.8	121.4	36.5
2	Finance Companies	148.4	91.8	98.2	98.3	101.4	213.9	95.3
4	Furniture & Floor Covering....	119.2	56.6	56.6-L	57.6	109.2	209.3	102.3
6	Household Appliances	92.5	48.5	49.0	48.5-L	57.3	110.8	56.6
4	Investment Trusts	184.9	113.9	114.8	113.9-1	125.7	406.2	113.3
3	Mail Order	170.0	99.3	102.1	99.3-L	132.6	418.6	127.5
4	Marine	88.8	48.9	48.9-L	50.2	62.2	93.7	60.1
3	Meat Packing	58.4	41.4	42.5	42.6	54.2	104.4	51.2
43	Petroleum & Natural Gas.....	142.5	101.5	104.0	102.4	106.7	171.7	104.5
6	Phono'phs & Radio (1927—100)	175.2	92.6	95.2	94.8	129.6	321.1	116.3
23	Public Utilities	305.0	215.2	220.7	226.8	224.9	388.4	194.2
11	Railroad Equipment	115.4	76.3	78.0	78.5	99.2	136.1	95.0
3	Restaurants	153.1	117.8	118.9	123.3	127.2	180.5	117.9
2	Shoe & Leather	116.5	78.7	78.7-1	82.5	79.4	178.3	76.3
2	Soft Drinks (1926 Cl.—100)...	246.5	195.5	223.7	226.6	198.4	244.0	183.5
15	Steel & Iron	146.5	98.9	99.1	99.7	117.8	173.4	112.8
6	Sugar	45.1	19.1	19.1-L	19.3	39.7	81.6	39.2
2	Sulphur	268.7	204.2	223.0	227.2	214.0	295.2	191.4
3	Telephone & Telegraph	177.2	127.5	133.7	134.5	167.8	252.3	150.1
6	Textiles	70.5	42.3	42.3-L	43.0	49.9	128.5	48.1
8	Tire & Rubber	39.0	19.9	20.4	19.9-L	25.6	111.4	25.6
13	Tobacco	107.3	78.8	79.7	85.0	88.4	184.6	79.6
5	Traction	103.5	65.0	75.0	73.6	65.2	140.4	58.9
2	Variety Stores	88.7	66.8	71.5	75.3	88.7	138.8	83.9

L—New LOW record since 1928. l—New LOW record this year.



(An unweighted Index of weekly closing prices specially designed for investors. The 1930 index includes 428 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies).

ANSWERS TO INQUIRIES

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ALLIS-CHALMERS MFG. CO.

What is the outlook for Allis-Chalmers? I have 40 shares of the no par stock, having originally held 10 shares for which I paid 230. To what extent will the business depression affect earnings of the company and the security of its dividends?—E. J. F., San Diego, Calif.

Operations of Allis-Chalmers Manufacturing Co. cover a very broad field, which factor has contributed largely to stabilization of earning power. The company's products include, among others, gas, oil and steam engines, steam and hydraulic turbines, pumping engines, transformers, cement machinery, mining machinery, farm implements and farm and industrial tractors. In the electrical division, its size is surpassed only by General Electric and Westinghouse, while demand on tractor department has necessitated a considerable expansion of its facilities in this field, cost of which will be paid for from the proceeds of recent sale of stock to stockholders. Earnings record since 1922 has shown an upward trend, with a new record being registered last year. Despite the fact that general industrial and business activity is running at reduced levels, results for the first six months of the current year exceeded those of any like period in preceding years. Per share earnings amounted to $1.87 for the initial half of 1930 compared with $1.73 for the corresponding six months of 1929. Bookings for the six months ended June 30th, last, amounted to $29,480,951, against $28,022,998 in 1929 initial half. Unfilled orders as of June 30th, 1930, totalled $17,833,860, compared with $15,570,365 on March 31st, 1930, and $15,657,566 on June 30th of previous year. Prospects during the balance of the year are favorable, and company should report full 1930 year earnings comparable to those of $3.78 a share reported for 1929. Its shares, at present levels, are reasonably priced relative to earnings, and while an increase of dividend is not an early prospect, the excellent long term outlook, makes the issue desirable for further retention. Moreover, where one is not concerned with intermediate market fluctuations, and prepared to hold for a reasonable period, we would be willing to endorse fresh purchases.

BROOKLYN UNION GAS CO.

What is the cause of the weakness in the last several months in Brooklyn Union Gas? I have watched it lose 60 points in the last four or five months and naturally I am uneasy regarding my holdings which cost me a very much higher price than I could obtain for the stock now.—J. M. K., Highland Park, Mich.

Brooklyn Union Gas Co. produces and distributes manufactured gas to the greater part of the Borough of Brooklyn and to a rapidly growing section of the Borough of Queens, in the City of New York. A working control of the company is held by the Koppers-Mellon interests, which assures continuance of capable management. Despite the fact that gas sales in 1929 exceeded those of the previous year by only 1.8% operating economies effected during the year resulted in reduction of 13.3% in expenses, and an increase of net income of slightly less than 35% over the 1928 figures. Moreover, it should be pointed out that neither maintenance nor depreciation charges have been skimped to accomplish this end. Net earnings for 1929 amounted to $5,553,268 or $7.54 a share on 736,718 no par common shares outstanding at the close of the year. Per share earnings for the calendar year preceding amounted to $8.09 on 511,146 shares, increase in number of shares being attributed to conversion of issue of bonds into stock, which became operative January 1st, 1929. Although no interim reports of operations have been published, it is unlikely that results for full 1930 year will show any such increase in earnings as was recorded last year. Never-

(Please turn to page 760)

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New York Stock Exchange

RAILS

	1928		1929		1930		Last Sale	Div'd $ Per
A	High	Low	High	Low	High	Low	8/27/30	Share
Atchison	204	182¾	298⅝	195⅛	242½	194	218	10
Do Pfd.	108½	102½	104⅞	99	108	102⅝	106	5
Atlantic Coast Line	191½	157⅛	209½	161	175½	145	†144	10
B								
Baltimore & Ohio	125⅝	103¾	145⅛	105	122⅜	96¼	99¾	7
Do Pfd.	85	77	81	75	84⅝	78¼	†81¾	4
Brooklyn-Manhattan Transit	77¾	53⅜	81⅞	40	78⅞	58⅜	66½	4
Do Pfd.	95⅜	82	92⅝	76½	94	84⅞	90	6
C								
Canadian Pacific	253	195½	265⅞	185	226¾	165¾	177	10
Chesapeake & Ohio	218¾	175½	279¾	160	47⅞	44½	47⅝	2½
C. M. & St. Paul & Pacific	40½	29¼	44⅞	16	26⅜	12½	14½	..
Do Pfd.	59⅝	37	68⅝	28½	46¼	19½	21¾	..
Chicago & Northwestern	94¼	78	108½	75	89⅞	66	70½	5
Chicago, Rock Is. & Pacific	139⅝	106	143½	101	125⅛	90	95¾	7
Do 7% Pfd.	111½	105	109	100	110⅜	105	†107	7
D								
Delaware & Hudson	226	163¼	226	141½	181	146	166	9
Delaware, Lack. & Western	150	125¼	169¾	120¼	153	110¼	114	7
E								
Erie R. R.	72½	48¾	93½	41½	63¾	35⅛	39½	..
Do 1st Pfd.	63⅞	50	66¼	55½	67⅜	53½	†55	4
Do 2nd Pfd.	62	49¼	63⅞	52	62½	50	†55	4
G								
Great Northern Pfd.	114¾	93½	128¼	85¼	102	71¾	76¼	5
H								
Hudson & Manhattan	73½	50⅛	58⅜	34½	53⅜	41	47½	3½
I								
Illinois Central	148¾	131¾	153½	116	136¾	109	112	7
Interborough Rapid Transit	62	29	58⅜	15	39½	20⅜	27½	..
K								
Kansas City Southern	95	43	108⅞	60	85⅜	58¾	†64	5
Do Pfd.	77	66½	70½	63	70	65	67	4
L								
Lehigh Valley	116	84½	102¼	65	84⅞	57⅝	†58	4½
Louisville & Nashville	159½	139⅜	154¾	110	138½	116	119½	7
M								
Mo., Kansas & Texas	58	30½	65¾	27⅛	66⅝	32⅞	41⅝	2
Do Pfd.	109	101½	107⅛	93⅞	108⅜	92	92⅜	7
Missouri Pacific	76¼	41⅞	101⅜	46	98½	57	†62	..
Do Pfd.	126⅞	105	149	105	145½	115⅝	121⅜	5
N								
New York Central	196½	156	256½	160	192¾	150¾	163	8
N. Y., Chic. & St. Louis	146	121¼	192⅜	110	144	94	101	6
N. Y., N. H. & Hartford	82¾	54⅜	132½	80⅞	128⅛	97¼	106¼	6
N. Y., Ontario & Western	39	24	32	8	17¼	8½	8⅝	..
Norfolk & Western	198½	175	290	191	265	213¼	227	10
Northern Pacific	118	92⅜	118⅞	75⅛	97	66¾	72½	5
P								
Pennsylvania	76⅞	61⅞	110	72½	86⅝	69⅞	72⅜	4
Pere Marquette	154	124⅞	260	140	164½	129½	131	8
Pittsburgh & W. Va.	163	121¼	148¾	90	121¾	80	†80½	6
R								
Reading	119⅝	94¼	147¾	101½	141½	100	109	4
Do 1st Pfd.	46	41½	50	41½	50½	44⅛	†47	2
Do 2nd Pfd.	59⅞	44	60¾	43⅝	57	47¾	†48½	2
S								
St. Louis-San Fran.	122	109	133¾	101	118⅞	85½	90⅞	8
St. Louis-Southwestern	124⅛	67½	115¾	50	76¾	52⅛	†67	..
Seaboard Air Lines	30½	11⅝	21¾	9⅛	12½	4½	5	..
Do Pfd.	38	17	41⅜	16¼	28	16	†5	..
Southern Pacific	131¼	117⅝	157½	105	127	108	116	6
Southern Railway	165	139½	162⅛	109	136¾	75	81⅛	8
Do Pfd.	102¼	96⅝	100	93	101	90⅞	†91	5
T								
Texas & Pacific	194⅝	99½	181	115	145	110	†115	5
U								
Union Pacific	224⅞	186½	297⅝	200	242¾	200	216½	10
Do Pfd.	87¼	82⅛	85½	80	87	82¼	87	4
W								
Wabash	96¼	51	81⅜	40	67⅜	28	32½	..
Do Pfd. A	102	88½	104⅞	82	89¼	66	†67	5
Western Maryland	54¾	31¾	54	10	36	18⅝	23⅜	..
Do 2nd Pfd.	54⅞	33½	53½	14⅝	38	19	†22	..
Western Pacific	38½	28¼	41⅞	15	30½	17	19½	..
Do Pfd.	62⅛	52½	67¾	37⅛	53½	38	39¼	..

INDUSTRIALS AND MISCELLANEOUS

	1928		1929		1930		Last Sale	Div'd $ Per
A	High	Low	High	Low	High	Low	8/27/30	Share
Adams Express	425	195	34	20	37⅜	21⅞	26½	1.60
Air Reduction, Inc.	99⅝	59	223⅜	77	156⅜	103¼	124⅝	3
Allegheny Corp.	..	..	56½	17	35¼	18	21½	..
Allied Chemical & Dye	252¾	146	354¾	197	343	232	268¼	6
Allis Chalmers Mfg.	200	115½	75½	35⅛	68	48⅛	54⅞	3
Amer. Agricultural Chem. Pfd.	79⅞	55⅝	73⅜	18	39⅝	23	34⅞	..
Amer. Bank Note	159	74¾	157	65	97⅜	68	†78½	3
Amer. Brake Shoe & Fdy	49⅛	39⅞	62	40½	54⅝	41⅜	43½	2.40
American Can	177½	70½	184½	86	156⅛	108¼	130¾	4
Amer. Car & Fdy.	111½	88¼	106½	75	82¼	42	45	6
Amer. & Foreign Power	85	22⅝	199½	50	101⅜	56¼	76	..
American Ice	46⅜	28	54	29	41⅞	31	32	4
Amer. International Corp.	150	71	96¾	29½	55⅝	26¾	34⅞	2
Amer. Mchy. & Fdry.	180	129½	279¾	142	44⅛	35¼	44	..
Amer. Metal Co., Ltd.	63¾	39	81⅜	31½	51⅛	28¾	30	1½
Amer. Power & Lt.	95	62¼	175¾	64¼	119⅜	72	84	1
Amer. Radiator & S. S.	191½	180⅛	55⅜	26	39⅜	23⅜	27	1½
Amer. Rolling Mill	..	..	144⅝	60	100⅞	48	53¾	2
Amer. Smelting & Refining	293	169	130¼	62	79⅛	53	68⅞	4
Amer. Steel Foundries	70⅜	50⅛	79⅞	35¾	52¼	35⅛	†38½	3
American Stores	..	..	514	120	55½	42¼	†42½	2

Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS — *(Continued)*

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 8/27/30	Div'd $ Per Share
A								
Amer. Sugar Refining	93½	55	94¾	56	69⅞	47	53	5
Amer. Tel. & Tel.	211	172	310⅛	193¼	274¼	200⅛	214⅝	9
Amer. Tobacco Com. B	184⅜	152	232½	160	264¼	197	250	12
Amer. Type Founders	142¼	109⅞	181	115	141¾	113	130	8
Amer. Water Works & Elec.	76½	52	199	50	124⅞	78⅛	91½	1
American Woolen	32⅜	14	27⅞	5⅞	20¼	7½	11⅞	..
Anaconda Copper Mining	120¼	54	140	67¼	81½	44¼	45⅝	3½
Armour of Ill. Cl. A	28½	11¼	18⅝	5⅛	8⅛	4⅜	5¼	..
Arnold-Constable Corp.	51¾	35¼	40⅞	6¼	13¾	5	6½	..
Assoc. Dry Goods	75½	40¼	70¾	25	50½	28	34½	2½
Atlantic, Gulf & W. I. S.S. Line	59⅞	37⅛	86⅞	32⅛	80⅜	49⅝	†52	1
Atlantic Refining	66½	50	77⅞	30	51⅜	30⅛	33¾	2
Auburn Auto	..	..	85	40	263¾	91	113½	4
B								
Baldwin Loco. Works	285	235	66⅝	15	38	19⅜	29¾	1¾
Barnsdall Corp. Cl. A	53	20	49⅛	20	34	20½	22	2
Beech Nut Packing	101¼	70⅝	101	45	70⅛	49⅜	†56½	3
Bendix Aviation	..	..	104⅜	25	57⅜	27⅝	31⅞	2
Best & Co.	102	53¾	60⅞	25	56¼	31⅛	46¾	2
Bethlehem Steel Corp.	86⅝	51⅞	140¾	78¼	110¼	75	82⅞	6
Bohn Aluminum	..	..	136¾	37	69	24	26	3
Borden Company	187	152	100½	53	90⅜	60⅛	76⅝	3
Borg-Warner	..	..	86⅞	26	50½	23⅝	29	3
Briggs Mfg.	63⅝	21⅛	63⅛	8½	25⅜	13⅛	20¾	..
Bucyrus-Erie Co.	48¾	24⅛	43¾	14	31⅞	19⅛	†23	1
Burroughs Adding Mach.	249	139	96⅞	29	51⅞	29¼	33⅞	..
Byers & Co. (A. M.)	206¾	90½	192⅞	50	112⅜	60⅛	74⅛	..
C								
California Packing	82⅝	68½	84⅞	63⅛	77½	60¼	64¼	4
Calumet & Arizona Mining	133	89	136¾	73½	89⅞	48⅝	49¾	..
Calumet & Hecla	47⅜	20⅛	61⅞	25	33⅜	13	13⅝	1½
Canada Dry Ginger Ale	86½	54⅞	98¾	45	75⅜	56	65	5
Case, J. I.	515	247	467	130	362¾	150	192	6
Caterpillar Tractor	..	..	61	50¼	79¾	53	54½	3¾
Cerro de Pasco Copper	119	58½	120	52¼	65⅜	43⅛	44½	6
Chesapeake Corp.	81⅞	62¾	92	42⅛	82½	51½	66½	3
Childs Co.	64	37	75⅞	44¼	67⅝	48	53½	2.40
Chrysler Corp.	140½	54¾	135	26	43	24	28¼	3
Coca-Cola Co.	180⅛	127	154½	101	191⅜	133¼	177	6
Colorado Fuel & Iron	84½	52½	78½	27¾	77	36½	51½	2
Columbian Carbon	134¾	79	344	105	199	108	140½	6
Colum. Gas & Elec.	140⅞	89½	140	52	87	55	60⅝	2
Commercial Credit	71	21	62⅝	18	40¾	23⅜	25⅛	2
Commercial Solvent	250¼	137⅞	63	20⅛	38	20¼	26⅜	1
Commonwealth Southern	..	..	24¾	10	20¼	12⅝	13⅞	.60
Congoleum-Nairn, Inc.	31½	22	35¾	11	19¾	10⅛	12¼	..
Consolidated Gas of N. Y.	170¼	74	183¼	80⅛	136⅞	96⅝	107	4
Continental Baking Cl. A	53½	26½	90	25¼	52½	18½	24⅝	..
Continental Can, Inc.	128⅞	53	92	40½	71⅝	50	56⅝	2½
Continental Motors	20½	10	28⅝	6⅛	8¼	3½	3⅞	..
Continental Oil	..	..	47⅛	48	30½	18⅜	19⅜	..
Corn Products Refining	94	64⅜	126⅜	70	111⅜	83⅛	93⅜	4¼
Crucible Steel of Amer.	93	69¼	121¾	71	93⅝	70½	†75	5
Curtiss Wright, Common	..	..	30⅛	6⅜	14⅞	6½	6⅞	..
Curtiss Wright, A	..	..	37⅞	13¼	19⅜	7⅞	8⅞	..
Cudahy Packing	78¼	54	67⅞	36	48	38⅛	40	4
D								
Davison Chemical	68¾	34⅜	60⅛	21¼	43⅝	24⅜	27½	..
Drug, Inc.	120⅛	80	126⅛	69	87⅜	67	80¾	4
Du Pont de Nemours	503	310	231	80	145¼	95¾	117⅜	4.70
E								
Eastman Kodak Co.	194¼	163	264¾	150	255¼	175¾	219¾	8
Eaton Axle & Spring	68⅛	26	76¾	18	37¼	19⅛	23⅞	3
Electric Auto Lite	136½	60	174	50	114⅞	55⅛	69⅜	6
Elec. Power & Light	49⅜	28¾	86⅝	29⅛	103½	49¼	72¼	1
Elec. Storage Battery	91⅛	69	104½	55	79¼	61½	67	5
Endicott-Johnson Corp.	85	74¾	83⅜	49¼	59⅝	44	†48	5
F								
Federal Light & Traction	71	42	109	60½	90¼	59⅝	†65	1½
Fox Film Cl. A	119⅝	72	105⅝	19⅛	57⅜	16⅛	48	4
Freeport Texas Co.	109¼	43	54⅞	23¾	55½	37	43	5
G								
General Amer. Tank Car	101	60⅞	123½	75	111⅞	78¼	86¼	4
General Asphalt	94⅞	68	94¾	42¼	71⅛	31⅝	39⅛	4
General Electric	221½	124	403	168⅛	95⅜	60⅛	72⅛	1.60
General Foods	..	..	81¾	35	61¼	46⅛	57¼	3
General Motors Corp.	224¾	130	91¾	33⅛	54¼	37½	44⅞	3.30
General Railway Signal	123⅝	84¼	126½	70	106⅞	73¼	78	5
Gillette Safety Razor	123⅜	97⅛	143	80	106⅛	58	67⅜	5
Gold Dust Corp.	143¼	71	82	31½	47⅞	34½	41¾	2½
Goodrich Co. (B. F.)	109¼	86½	105¾	38¼	58½	21	22¾	..
Goodyear Tire & Rubber	140	45⅛	154½	60	96⅞	54¼	57½	5
Granby Consol. Min., Smlt. & Pr.	93	39⅛	102⅞	46¼	59⅞	18	†22¼	3
Great Western Sugar	38½	31	44	28	34½	17	17½	1.40
Gulf States Steel	73⅞	51	79	42	80	37⅛	†35½	4
H								
Hershey Chocolate	72½	30¾	143⅞	45	109	70	98½	5
Houston Oil of Texas	167	79	109	26	116⅞	52¼	79¾	‡10%
Hudson Motor Car	99⅞	75	92⅛	38	62⅞	25⅜	30¾	3
Hupp Motor Car	84	29	82	18	26⅝	12¼	13⅛	2
I								
Inland Steel	80	46	113	71	98	68	†76	4
Inspiration Consol. Copper	48⅞	18	66¾	22	30⅞	12½	14¼	2
Inter. Business Machines	166⅜	114	225	109	197½	152½	179	6
Inter. Cement	94⅞	56	102¾	48	75⅜	55¾	66	4
Inter. Harvester	97⅞	80	142	65	115¾	72	80⅝	2½
Inter. Nickel	269½	73⅝	72¾	25	44⅜	20⅛	23¼	1
Inter. Paper & Power "A"	86⅜	50	112	57	31⅛	14⅝	17	2.40
Inter. Tel. & Tel.	201	139½	149¼	53	77⅜	40⅛	40⅞	2
J								
Jewel Tea	179	77¾	84½	45	66½	43	†48⅞	4
Johns-Manville	202	96¼	242¾	90	148⅜	70	95	3
K								
Kennecott Copper	156	80⅛	104⅞	49¾	62¾	33⅝	34	3
Kresge Co. (S. S.)	91¾	65	57½	28	36¾	26¼	29¼	1.60
Kroger Grocery & Baking	132¼	73¼	122½	38¼	48⅛	21	23⅞	1

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS — *(Continued)*

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 8/27/30	Div'd $ Per Share
L								
Lambert Co.	136⅝	79½	157¼	80⅛	113	76½	92⅝	8
Lehn & Fink	64⅞	38	68⅛	28	36	22¼	†27¼	3
Liggett & Myers Tob. B	122⅛	83⅛	106	80¼	114⅝	85	100⅝	5
Loew's Inc.	77	49⅛	84½	32	95¾	42⅛	75½	3
Loose-Wiles Biscuit	88¾	44¼	88⅝	39⅛	70¼	50½	60⅞	2.80
Lorillard	46⅞	23¾	31½	14¼	28⅛	16⅛	23¼	..
M								
Mack Truck, Inc.	110	83	114¾	55½	88½	46¼	57	6
Macy (R. H.)	187¾	134	255½	110	159¼	109	125	3
Magma Copper	75	43¾	82½	85	52½	28¾	†30½	4
Mathieson Alkali	190	117¾	72⅝	29	51⅜	32⅝	40	2
May Dept. Stores	113½	75	108½	45⅛	61⅜	40⅛	41½	2
McKeesport Tin Plate	78⅝	62½	82	54	89½	61	83½	5
Mont. Ward & Co.	156½	115¼	156⅞	42⅝	49⅞	29⅝	34⅝	3
Murray Corp.	124¼	21½	100⅞	14⅞	25¼	12⅛	15⅛	‡2%
N								
Nash Motor Co.	112	80¼	118⅞	40	58½	30⅛	33½	4
National Biscuit	195¼	159½	236¾	140	93	71	83	2.80
National Cash Register	104¾	47¼	148¾	59	83⅛	41	45	4
National Dairy Prod.	133½	64½	86½	36	62	45¼	55	2
National Lead	136	115	3.0	129¼	189½	124¾	†125	8
National Power & Light	46⅝	21⅞	71¾	23	58¾	32	47	1
Nevada Consol. Copper	42⅝	17¾	62⅞	23¼	32⅝	13⅛	13⅞	1½
North American Co.	97	58⅝	* 186¾	66½	132⅞	87½	104	‡10%
O								
Otis Elevator	255½	147⅛	55	22¼	80⅝	55	70¼	2½
Otis Steel	40½	10½	55	22¼	38⅞	24¾	†25	2½
P								
Pacific Gas & Electric	56⅛	43½	98¾	42	74⅞	52⅛	56¼	2
Pacific Lighting	85⅝	69	146½	58⅛	107⅛	71⅝	77⅛	3
Packard Motor Car	163	56¼	32½	13	23⅝	12½	12⅝	1
Paramount Publix	56⅝	47¼	75½	35	77¼	48⅝	60	4
Penney (J. C.)	..	..	105¼	66	80	48	53	3
Phillips Petroleum	53⅞	35¼	47	24¼	44¾	29⅛	32	2
Prairie Oil & Gas	66⅝	59½	65⅝	40½	54	33¾	34	2
Prairie Pipe Line	..	..	65	45	60	44	46⅝	5
Public Service of N. J.	83½	41½	137¾	54	123⅜	81⅛	93⅝	1.40
Pullman, Inc.	94	77⅛	99¼	73	89⅝	62	69⅝	4
Pure Oil	31¼	19	30¼	20	27¼	19½	19⅞	1½
Purity Bakeries	139⅝	75	148⅝	55	88⅛	52	64	4
R								
Radio Corp. of America	420	85¼	114¾	26	69⅝	32½	40⅝	..
Remington-Rand	36½	23⅛	57¼	20⅝	46½	23	28¼	1.60
Republic Iron & Steel	94½	49⅛	146¼	62¼	79½	32	35	4
Reynolds (R. J.) Tob. Cl. B	165½	126	66	39	58⅝	45¼	51⅝	3
Richfield Oil of Calif.	56	23½	49⅝	20	28¼	14¾	15	2
Royal Dutch	64	44⅝	64	43⅛	56½	45¾	47⅞	3.22
S								
Safeway Stores	201¾	171	195¼	90⅛	122⅝	57¼	66⅝	5
Schulte Retail Stores	67½	35¾	41⅛	3½	13½	4¼	7⅛	..
Sears, Roebuck & Co.	197½	82⅛	181	80	100⅝	56	67½	2½
Shell Union Oil	39⅝	23¼	31¾	19	25½	14	14¼	..
Simmons Co.	101⅜	55¾	188	59½	94⅞	21	24¾	..
Sinclair Consol. Oil Corp.	46¼	17⅞	45	21	32	20	20¾	2
Skelly Oil Corp.	42⅝	25	46½	28	42	27⅛	27¼	2
Standard Brands	..	..	44¾	20	29¼	17	21	1½
Standard Gas & Elec. Co.	84⅝	57⅞	243¾	73½	129¼	84⅛	104⅛	3½
Standard Oil of Calif.	80	53	81⅞	51⅛	75	55½	60⅝	2½
Standard Oil of N. J.	59¾	37¼	83	48	84⅞	58	69¼	2
Standard Oil of N. Y.	45½	28¾	48⅛	31¾	40⅝	30	31⅛	1.60
Sterling Securities, A	..	..	38	8¼	20½	9⅝	11	..
Stewart-Warner Speedometer	128⅛	77¼	77	30	47	19⅛	25	2
Stone & Webster	..	..	201⅛	64	113⅜	70⅛	78⅝	4
Studebaker Corp.	87½	57	98	38¼	47¼	25¼	30	3
T								
Texas Corp.	74¾	50	71⅞	50	60⅛	50⅛	52	3
Texas Gulf Sulphur	82½	62⅛	85¼	42½	67⅜	48⅛	59¼	4
Texas Pacific Coal & Oil	26⅝	12⅛	23⅛	9½	14⅛	8¼	†8⅝	..
Tide Water Assoc. Oil	25	14¾	23½	10	17⅜	10¾	14½	.60
Timken Roller Bearing	154	112⅝	139⅝	58½	89¼	55⅛	69	3
Transcontinental Oil	14½	6¾	15¼	5⅛	24	16¼	17⅞	.30
U								
Underwood-Elliott-Fisher	93⅞	63	181¾	82	138	83	95	5
Union Carbide & Carbon	209	136⅛	140	59	106⅝	60⅛	78	2.60
United Aircraft & Trans.	..	..	162	31	99	43⅛	61½	..
United Cigar Stores	34⅝	22⅞	27½	3	8½	5⅛	7	..
United Corp.	..	..	75½	19	52	28⅝	32⅞	.50
United Fruit	148	131½	158½	99	105	83	87⅛	4
United Gas Imp.	..	..	59⅝	22	49⅝	31¼	36⅞	1.20
U. S. Pipe & Fdy.	53	38	243⅝	95	38¼	18½	34⅝	2
U. S. Industrial Alcohol	138	102⅛	55⅞	12	139⅜	59	65¾	7
U. S. Realty	93⅝	61¼	119½	50½	75½	41	45	5
U. S. Rubber	63¼	27	65	15	35	18¼	20¼	..
U. S. Smelting, Ref. & Mining	71½	39½	72⅞	29⅞	36½	17½	19⅞	1
U. S. Steel Corp.	172½	132⅝	261¾	150	198¾	151⅝	170⅞	7
V								
Vanadium Corp.	111½	60	116⅛	37½	143¼	49⅞	82¾	4
W								
Warner Brothers Pictures	139¼	80⅞	64½	30	80¼	24⅛	28⅝	..
Western Union Tel.	201	139½	272¼	155	219⅝	150¾	170	8
Westinghouse Air Brake	57⅝	42⅛	67¾	26½	52	36⅝	38	2
Westinghouse Elec. & Mfg.	144	88⅛	292⅝	100	201½	124¼	150	5
White Motor	43¾	30¼	53½	27¼	43	27⅛	†33	2
Willys-Overland	33	17¾	35	5¼	11	5⅛	5½	..
Woolworth Co. (F. W.)	225¾	175⅛	103⅞	52¼	72⅜	51⅝	61¼	2.40
Worthington Pump & Mach.	55	28	137⅞	43	169	67¼	129	..
Y								
Youngstown Sheet & Tube	115⅝	83½	143	91	150¼	108	†100	5

* Ex-dividend. † Bid Price. § Script. ‡ Payable in stock.

Securities Analyzed, Rated and Mentioned in this Issue

Important Corp. Meetings

Company	Specification	Date of Meeting
Amer. International Corp	Directors	9-11
Austin, Nichols & Co	Directors	9-17
Brooklyn-Manhattan Transit	Annual	9-15
Burroughs Adding Mach	Directors	9-16
California Packing Corp	Directors	9-11
Chesapeake & Ohio R. R.	Directors	9-16
Chic., Milwaukee, St. Paul & Pacific	Directors	9-11
Continental Can Co., Inc	Directors	9-9
Drug, Inc.	Directors	9-10
Elec. Storage Battery	Directors	9-16
Hudson & Manhattan R. R.	Directors	9-11
International Tel. & Tel.	Dividend	9-11
Kennecott Copper Corp	Directors	9-15
Macy (R. H.) & Co., Inc	Directors	9-17
Missouri-Kansas & Texas R. R.	Directors	9-17
Montgomery, Ward & Co., Inc.	Directors	9-12
New York Central R. R.	Dividend	9-10
N. Y., N. H. & Hartford R. R.	Directors	9-9
Oil Well Supply	Special	9-9
Pere Marquette Ry.	Directors	9-16
Pub. Service Corp. of N. J.	Directors	9-16
Shell Union Oil Corp	Directors	9-10
Underwood-Elliott-Fisher	Directors	9-11
United Fruit	Directors	9-9
Westinghouse Air Brake	Dividend	9-12

Answers to Inquiries

(Continued from page 754)

theless, growth possibilities of territory served, coupled with increasing demand for gas in refrigeration and heating, promise to augment earnings over ensuing years. Furthermore, there is the ever present possibility of a merger with Consolidated Gas of New York, which move would no doubt result in greater operating economies, beneficial to both consumers and stockholders. While not undervalued at present levels, the shares are not without a degree of attraction for holding over the longer term, and on this basis we counsel further retention of the issue.

LOEW'S, INC.

I am worrying about Loew's, Inc., because of the troubles through which Fox and Warner Bros. have been passing. Because the stock has recovered 25 points from its low this year, I am not in the red as it cost me only 54 last year. If you think, however, that the motion picture stocks are going to follow the lead of the two other important companies to which I refer, it might be well for me to switch out of Loew's.—C. O. F., Syracuse, N. Y.

Loew's, Inc., occupies a strong position in the motion picture field and with its subsidiary, Metro-Goldwyn-Mayer is engaged in all branches of the industry. The company is controlled by Fox Film, and control of the latter passed to General Theatres Equipment Co., the early part of this year. It has been the policy of the company, to expand facilities only when the time was opportune, and then, only where prospects for enhancement of real estate values were most favorable. Thus, it is not burdened with an excessive volume of mortgage loans bearing high rates of interest, nor has the difficulty of unprofitable units impeded progress. As a matter of fact, high-rate loans are being redeemed, while new mortgages only are being made at low rates and for long periods. A conservative dividend policy in past years also has been a prime factor in maintenance of strong financial condition. As of March 14th, last, net working capital amounted to $29,640,605 compared with $29,232,058 on August 31st, 1929, while surplus on the later date showed an increase of $4,357,331 over that of $20,725,083 reported at the close of 1929 fiscal year. Earnings for the 28 weeks ended March 14th, last, were equivalent to $5.66 a share on 1,363,993 common shares, against $3.50 a share on 1,355,129 shares for the corresponding weeks of the preceding year. Despite the falling off of attendance in recent months, full fiscal year earnings are likely to approximate $10 a share compared with $7.91 per share for the twelve months ended August 31st, 1929 and $5.98 a share for the 1928 year. Moreover, favorable longer term outlook, indicates possible increase in dividend rate. We maintain a constructive attitude toward the common shares, and believe prospects are such as to warrant retention. Fresh purchases should be made, however, during market weakness.

AMERICAN TOBACCO CO.

How will the suspension of dividends by American Cigar affect American Tobacco? Will it endanger the Tobacco dividends? I have been a stockholder since 1925 and of course have a very nice appreciation in its value at the present rate, but I failed to take advantage of the much higher price at which the stock sold earlier this year and I am wondering if it would be wise for me to get out now or hold for future sustained recovery.—M. E. S., Flushing, N. Y.

While the business and industrial recession during current year are being adversely reflected in the earnings reports of most companies, 1930 promises to be a record breaking year in volume of sales and earnings for American Tobacco Co. Sales gain of "Lucky Strike" cigarettes, the company's leading product, for the first seven months of 1930 was 3,539,000,000. Moreover, other products of the company, including "Sweet Caporal," "Pall Mall" and "Lord Salisbury" cigarettes and "Bull Durham," "Half and Half," "Tuxedo" and "Blue Boar" smoking tobaccos, are reported to be contributing satisfactory revenues. As a matter of fact, loss of income from its holdings in American Cigar, incurred by passing the dividend on that issue, will have but little effect upon company's progress. Recent bulletins indicated that earnings for the first five months of current year were double those of the corresponding period of last year and profits for 1930 will, in all likelihood, surpass any previous year in the company's history. Net income for 1929 amounted to $11.53 per share on combined 2,343,508 common and class B shares, an increase of 20% over per share earnings of $11.19 on 1,952,917 combined shares reported for 1928. Recently, stockholders approved a 2 for 1 split-up and a reduction in par value of both common and B stocks from $50 to $25 a share. Dividends on the new stock have been inaugurated at the annual rate of $5 a share, which compares with $8 on old shares. Dominant position of company, capable management, auspicious earnings record and favorable outlook justify a sound investment rating of the junior stocks, and on this basis we recommend retention of present holdings. Furthermore, we would not hesitate endorsing moderate additional purchases, following reactions, providing you are prepared to exercise a degree of patience.

SEARS, ROEBUCK & CO.

As a stockholder in both Sears, Roebuck and Kroger Grocery, I am greatly interested in the reported arrangement between the two companies. I am wondering whether to hold both stocks, or switch out of one and increase my holdings of the other. Sears, Roebuck cost me 88, and Kroger 39.—H. P. E., Columbus, Ohio.

The plan whereby the Kroger Grocery & Baking Co. will operate the food departments in two of the Sears, Roebuck & Co. department stores located in Cincinnati and Chicago, appears to be a constructive move for both companies. Sears, Roebuck & Co. will benefit in many ways through having well managed meat and grocery departments in its two stores. Patrons who come to the Kroger units will be attracted to the Sears, Roebuck goods, and the meat, produce and grocery departments will bring rentals to Sears, Roebuck & Co. The years of experience which Kroger executives have had in the merchandising of food products, a great portion of which are perishable, will eliminate the hazards which probably faced Sears, Roebuck & Co. Kroger will benefit from a wide market for its products and it will draw patronage from customers who primarily are interested in Sears, Roebuck merchandise. The plan has been called an experiment by a Kroger official, but it would seem logical to believe that if it proves to be satisfactory, its scope would be widened, and the number of distribution units operated by Sears, Roebuck & Co. indicates its possibilities. The stores will not be operating under the new plan until October and pending definite indications as to its results, it appears advisable to hold both stocks.

FIDELITY-PHENIX FIRE INS. CO.

Do you feel that I am justified in continuing to hold Fidelity-Phenix stock at its present price around 60? It shows me a 20 point loss. Why should an insurance company stock have such wide swings? Is it because the company's money is invested in speculative securities?—L. O. S., New Brunswick, N. J.

Fidelity-Phenix Fire Insurance Co. a dominant factor in the American-Fore group of companies, was organized in 1910 by consolidation of the Fidelity Fire Insurance Co. (formed in

1906) and the Phenix Insurance Co. (established in 1853). The company writes fire insurance, its risks being well distributed throughout the United States and Canada. In conjunction with an affiliated company, a combination automobile policy is issued. Profits on premiums received have shown a satisfactory average over recent years, while income derived from enhancement in market value of securities held, reflects active bull market of 1927 and 1928. In like manner earnings for last year were adversely affected by stock market debacle, when depreciation of security values amounted to $2,504,000 compared with realized profits of $1,599,880. Thus, without giving consideration to the write-up of stocks of Niagara Fire and Fidelity & Casualty acquired during the year, per share earnings for 1929 amounted to $2.60 on 1,379,771 capital shares outstanding at the close of the year. Balance sheet as of July 1st, 1930 revealed that indicated liquidating value of the stock was $47.90. However, if cognizance is given to the hidden assets of the company, actual value of shares would, in all likelihood, exceed this amount by a comfortable margin. We regard the shares as deserving of investment merit, and on this basis would counsel present holders of the issue to exercise patience. Moreover, moderate additional commitments for holding over a period of a year or more appear justified at this time.

QUAKER OATS CO.

I am a stockholder in Quaker Oats. I bought half my stock in 1926 and paid $140 a share. In 1928 I was so much enthused that I purchased 50 shares more at 322. Stock dividends have increased my holdings to 156 shares with an average per share of $148. Should I convert some of my paper profits into cash?—D. J. M., York, Pa.

Formed in 1901, the Quaker Oats Co. has reached a dominant position in the cereal foods field, and diversification and steady expansion of its business augur well for the future of this conservative enterprise. Its facilities have been greatly expanded in the past few years and subsidiaries now manufacture and market the wide variety of food products in several European countries. New products are constantly being introduced which have resulted in a slow, but steady increase in earnings. The net income last year totalled $8,735,205 or the equivalent to $13.09 per share as against $8,329,646, or $12.89 per share in the year ended December 31st, 1928. Dividends on the common stock have been paid without interruption for the past 25 years in varying amounts. The present annual rate of $4 a share was established in 1926, but cash extras have been paid every year since. An extra payment of $4 was made on April 15th, 1930, so that stockholders are assured of at least an $8 return this year. While earnings may show some recession for the full year 1930 due to the general business depression—although the volume of food consumption has shown little reduction—live stock feed sales may show an increase as a result of the drought. The principal manufacturing operations of Quaker Oats Co. are centered in sections of the West least affected by the weather. The stock appears to have well defined longer term speculative possibilities and although the yield is comparatively small we believe the issue is suitable for further retention, as an investment medium.

PHILLIPS PETROLEUM CO.

I have been always much impressed by Phillips Petroleum and have held some of the stock for five years. It has been my luck, however, to acquire it on bulges so that my average cost is close to $50 a share. Do you think I should avail myself of the current opportunity of marking down my average cost? As I understand, Phillips is more of a natural gas company than it is an oil producer. I would appreciate a prompt reply.—W. S. K., Portland, Me.

The Phillips Petroleum Co. has made considerable progress toward integration in the past few years through the increase in capacity of refineries and the addition of a large number of retail outlets. The company has about 3,000 wells in operation, giving it an important position in the crude oil industry and, in addition, is a leading producer of natural gasoline and natural gas. Sources other than crude oil production provided more than 50% of the total net income reported for last year, demonstrating the progress of the company's diversification program. Phillips Petroleum's natural gasoline developments often are confused with natural gas operation, but it is in the former field that the company's position is dominant, although it has a strong foothold in the latter. It is estimated that more than one-half of the carbon black used in this country is produced by this company. Earnings for 1929 showed a wide gain over the net for 1928, per share results being $5.19 and $2.48 respectively. For the first half of the current year $1.38 a share was reported after all charges, with gross earnings more than 32% larger than in the initial six months of 1929. Operations for the June quarter of this year showed a decided improvement over the first three months, as 90 cents was earned in the latest period. The shares appear to be in the buying range at this time and we believe that averaging at current levels will prove profitable to patient shareholders.

UNITED STATES REALTY & IMPROVEMENT CO.

The recent market action of U. S. Realty & Improvement Co. has caused me considerable worry. I have looked upon the stock as a semi-investment issue. Is there any reason other than the business depression that has caused the stock to drop? Is the present dividend secure? Should I hold or sell?—L. R. R., Petersburg, Va.

The decline in building activity due to depressed business conditions is reflected in the earnings report of the U. S. Realty & Improvement Co. for the first six months of 1930, which showed a decline of approximately 11% from the results for the initial half of 1929. Per share results of $3.41 for the latest half year compare with $3.85 for the similar period of 1929. U. S. Realty & Improvement holds wide interests in the real estate and building fields, but operations have been adversely affected by the slump in construction activities. The backlog of uncompleted contracts of the George A. Fuller Co., a building subsidiary, at the close of June was more than $31,000,000, as against $35,000,000 at the beginning of the year. However, the parent company is very conservative in regard to this subsidiary's operations, and orders on its books represent contracts only of a high character. This policy was inaugurated late in 1929 and while it reduces the business volume, it is satisfactory in that it tends to eliminate losses. The company occupied a strong financial position at the beginning of 1930, but the stock has declined rather sharply of late, which has caused concern in some quarters over maintenance of the annual $5 dividend rate and directors may see fit to make a downward revision as a measure of conservatism. However, the longer term prospects remain favorable and we would be inclined to counsel retention.

BARNSDALL CORP.

I would appreciate whatever you can tell me about Barnsdall; I mean about its market prospects. I have a small block of stock which I bought last year at 41 and as you know my investment has been cut in half. Do you think it would be wise to average? I can afford to hold the stock indefinitely, but do not want to hold it if its dividend is in danger or its market outlook over the rest of the year is dubious. —M. M. K., Peoria, Ill.

Through its subsidiaries, the Barnsdall Corp. operates as a complete unit in the oil industry with producing areas located in California, Oklahoma, Texas, Louisiana and other localities of importance. Earnings for the year ended December 31st, last, were augmented by income from the prolific Elwood Terrace properties located in California, which are shared with Rio

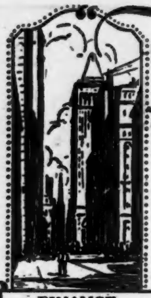
Grande Oil Co. Per share results for the full year were $3.25, a new record, as against $2.25 in 1928. Earnings of the majority of oil companies showed a sharp decline in the first few months of the current year, but Barnsdall's net income held up surprisingly well. The net for the initial six months amounted to $1.50 a share on the combined Class A and B stocks, as compared with $1.84 a share in the corresponding period of 1929. A favorable factor for the future is the new 800-mile gasoline pipe line which will connect the refineries of the Barnsdall Corp., Continental Oil Co., and possibly other units with Kansas City, Des Moines, Omaha, Chicago, Milwaukee and St. Paul. Gasoline will be transported much more rapidly and at a lower cost. The regular annual dividend of $2 a share is being earned by a comfortable margin and while the issue is admittedly speculative, we counsel further retention. Averaging at current levels is justified provided you are willing to assume the risks involved.

United Founders

(*Continued from page* 737)

Bank. A commendable feature of managerial policy is the entire absence of warrants for the purchase of common stock. It is notable, also, that United Founders Corp. has made no contract for management services and that the directors, in their capacity as managers, receive no more than just compensation. This point of management compensation is of prime importance, for in the recent past, inequitable agreements between investment companies and their management have been an alarming development of the investment trust movement in the United States. In many cases companies financed almost entirely by the public, should they prove successful, will function primarily and almost exclusively for the benefit of the organizers.

The A stock, of which there is outstanding 1,000,000 shares, is entirely held by the organizers and the company's charter provides that the amounts to be distributed as dividends shall be divided between the two classes in the proportion that each class contributed to the capital or paid in surplus of the company. This provision automatically limits the total maximum dividends payable on the class A stock to about one-half of 1% of those paid on the common. The voting power of the class A stockholders is, however, always equal to



"Tips on Books"

BOOK REVIEW SECTION of the MAGAZINE of WALL STREET

FINANCE · ECONOMICS · TRAVEL · FICTION · BIOGRAPHY

WHY YOU WIN OR LOSE

By FRED C. KELLY

Houghton Mifflin Co., Boston, Mass.

RARE indeed is the trader who frankly discloses his losses in a bull market—or in any market, for that matter. His vanity is the greatest single enemy to his stock market success, says Fred C. Kelly in his new book, "Why You Win Or Lose." And he goes on to point out that greed, the "will to believe" and "being too logical" are contributing factors that keep the average speculator's net trading transactions for the week in the red more times than in the black.

Mr. Kelly has that unusual gift of presenting his story in an entertaining, easy-to-read manner, throwing in actual bits of market experience at strategic points to make the reader unconsciously visualize in dollars and cents any failure to follow the bromides being presented.

The chapter on the pitfalls of being too logical in market procedure gives Mr. Kelly the opportunity to present the results of his many years' study of the behavior of speculators—their mental reactions to news, their logic and its unfortunate result marketwise in the majority of cases. We were impressed with the details of pool management, the specific comments on accuracy of brokers' advice over a period of years, and the observation that in the crash of last November people did not lose so much on what they bought initially at the high prices as they did on what they bought later on in an attempt to average down.

As a revelation of the reasoning of the average speculator, Mr. Kelly's book is unique; but as a guide to prevent losses in future market action and to insure some real profits, "Why You Win Or Lose" should prove of material assistance to every investor. Sound advice of this type is clearly hard to find—a fact skillfully hinted at by Mr. Kelly's concluding comments on speculation—"The game is old—but the players are always new." D.

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one-third of that of the common stockholders.

Conceding management to be a factor of paramount importance, it would be interesting to deduce from the record, if possible, evidences of future policy. In examining the most recent earnings statement one is immediately confronted with the fact that eliminating profits from the sale of securities, amounting to $5,442,526.80, the balance of earnings is almost exactly that necessary to pay operating expenses, including taxes, interest, dividend and interest reserve of subsidiaries, dividends to the minority stockholders of the subsidiaries and also their proportion of the undistributed net income. That is to say the $5,442,526.80 profits from the sale of securities was income applicable to the common stockholders of United Founders Corp. It does not seem unreasonable to infer that when President Seagrave refers to "moderate but stable income" he indicates that United Founders Corp. proposes to assure itself of running expenses from seasoned securities while profits for the common stockholders are to be derived largely from investments of a more speculative character.

The company is almost certainly contemplating expansion, as a holding company, in specialized fields. In fact the president recently said: "Many of our commercial banking friends in various parts of the country have discussed with us the possibility of joining with them in a mutually controlled bank holding corporation. These men for the most part have built up strong banking units and it is their desire to bring to their communities widely diversified interests and large resources. They have also discussed with us the possibilities of extending our investment service to estate and living trust administration. Considerable progress has been made in the development of these discussions and several important steps have been taken." The recent acquisition of H. N. Stronck & Co., a firm having as its object the investigation of banks with a view of ascertaining their desirability as investments

either individually or collectively, indicates an intention to follow such a program.

United Founders Corp. has a large investment in insurance companies, particularly Insuranshares Corp. of Delaware, an "insurance company investment trust," and it does not seem improbable that a future development will be a subsidiary dedicated solely to the holding of stock in insurance companies.

Another of the cardinal policies of the management can be clearly seen—a policy involving a belief in the essential soundness of the investment trust holding company idea. It is evidenced by the very substantial commitments made in companies of this sort. Lastly, the managers clearly believe that investments rather than cash are desirable at the present time; which, of course, has as a corollary an evident disbelief that stocks will move very much lower in the near future.

For an investor wishing to make a long term commitment in a holding company along investment trust lines, the common stock of United Founders Corp., represents a sound opportunity. Its recent price of $16 on the New York Curb is some 25% under its book value.

Lehigh Valley

(*Continued from page* 739)

independent road with an open gateway at Buffalo, or whether it is tied up with a western road, along with several other eastern and central western lines. Whatever the outcome may be, if Lehigh Valley is managed as well in the future as it has been in the past, it will continue to be a good earner and its shares a safe investment.

Lehigh Valley operates nearly 1,400 miles of road. The general location of its lines have been indicated already. For many years it has been in a strong treasury position. At the end of 1929 it had lodged there certain stocks with a par value of $1,096,600 and book value of $1,181,281, on which dividends received amounted to $105,704 annually.

It also held railroad bonds with a par value of $3,083,000 with a book value of $3,158,107 on which the interest amounted to $164,350. Stock of Coxe Bros. & Co., Inc., wholly owned by Lehigh Valley, had a book value of $8,444,000, the dividends on which in 1929 were $250,000. National Storage shares, with a book value of $4,073,000 yielded $50,000 dividends a year. New York & Middle Coal Field Railroad and Coal Co. stock with a book value of $546,850 turned in dividends of $75,000 a year. Wyoming Valley Water Supply stock, given a book value of $1,686,900 paid dividends of $150,000.

Lehigh Valley has spent liberal amounts on the maintenance and upbuilding of its property. From September 30th, 1903, to the end of 1929, $75,000,000 was paid out for additions and betterments, all without the issuance of additional securities.

While Lehigh Valley has been doing better than a good many other railroads so far this year it does not seem reasonable to look for an extra dividend on the common stock. The regular rate on that issue is $3.50. Last year an extra of $1 was paid, while in 1927 common stockholders received an extra of $1.50.

June gross earnings totaled $5,276,104 against $6,410,390 for the corresponding month of 1929. Net operating income amounted to $788,739 compared with $930,685.

For the six months ended June 30th gross returns were $30,733,735 contrasted with $35,083,722 for the first half of last year. Net operating income was $3,705,572, whereas for the first half of 1929 it was $5,741,664. The decrease of $2,036,092 in the latter item is not nearly as large as that of many other railroads with about the same mileage.

In view of this position and the other strong factors in Lehigh Valley its shares hold considerable attraction as long term investment and acquisition during any period of market weakness should be well rewarded.

Colgate-Palmolive-Peet

(*Continued from page* 741)

Creme Oil Soap, Kwiksolv (a washing powder), Palmolive Shaving Cream, Palmolive Shampoo, Coleo Soap (really more or less competitive with Palmolive), Colgate's Cashmere Bouquet Soap, the Octagon soap, scouring powder and soap powder, Fab, Super-Suds, Colgate's Rapid Shave Cream, etc. Quite a number of "private brands" of soap are manufactured for other distributors. The Peet division has the selling contract for Vaseline; and an Italian subsidiary deals in olive oil. The above is by no means a comprehensive list of the brands and trade names controlled, but it includes most of the important and more profitable ones. It will be seen from the list, that the company has to advertise more brands than Procter & Gamble, and that its dollar return in sales per dollar of advertising in all probability is smaller, if such things can be measured with any degree of accuracy.

Aside from some comparatively unimportant real estate mortgages, Palmolive has no funded debt, but there is an issue of 143,170 shares of 6% preferred stock of $100 par value outstanding ahead of the 1,999,970 shares of common. In the calendar year 1929 sales volume was $100,560,689, or about $50.25 a share of common stock. Palmolive, therefore, has a somewhat less liberal capitalization than Procter & Gamble (see above). On the other hand, for reasons that already have been hinted, the Palmolive margin of profit per dollar of sales is less than that of the larger concern. In 1929 net for the common was a bit more than 8 cents on each dollar of gross.

While there has been no outstanding increase in reported net sales since 1925, the margin of profit available to the common stock has shown a good increase, net applicable to that issue being $2.38 a share in 1925, $2.78 a share in 1926, $3.69 a share in 1927, $2.67 a share in 1928 and $4.03 a share in 1929. In the first six months of 1930 earnings for the common were $1.67 a share compared with $1.37 a share in the first half of 1929. There is every prospect of a larger gain in net over last year in the second half year than in the first six months. It seems probable, therefore, that Palmolive will set up a new record for profits in 1930, possibly earning as much as $4.50 or $4.75 a share. Palmolive stock, therefore, although selling for less than Procter & Gamble, promises to earn more in 1930 than the higher priced issue. The dividend rate on Palmolive, also, is higher at $2.50 a share as compared with $2.40 for Procter. On a percentage basis, Palmolive's net in the first half was 19% above last year, although the dollar sales volume was smaller.

At the end of 1929 Palmolive's current assets were $34,026,354 compared with $6,717,573 current liabilities. The company had no bank loans and cash and equivalents were 6.7 million or approximately equal to current liabilities. Palmolive is understand to have banking affiliations with Lehman Brothers.

From the available facts, Colgate-Palmolive-Peet common stock does not seem to be of quite as high grade investment calibre as Procter & Gamble, but the difference in price between the two issues, 58 and 73, respectively, as this is written, makes up for a lot. If the management continues its concentration of effort program long enough and follows the policy to its natural conclusion, the spread between the price-earnings ratio of the two stocks gradually may narrow. Certainly Palmolive, with its more favorable capitalization, will bear watching.

Kennecott—Anaconda

(Continued from page 747)

of copper. Labor costs this year are lower than last year because many copper mines graduate their wage scales according to the price of the metal. On the other hand, the sharp drop in the price of silver to the lowest point in more than a century is a serious matter to those marginal producers in which silver is figured as a by-product serving to bring down the cost of production.

A more detailed study of copper costs is shown in the accompanying chart, and is based on the operations of twenty of the largest and most important companies for the year 1928, a year more representative of the normal status of the industry than 1929. However, for the sake of portraying the picture more accurately, the 1929 operations of three companies were used because these companies were further along in attaining their full development than in the previous year, and in one other case, a large silver producer, allowance was made for the much lower current price for this metal in arriving at cost figures.

The combined output of these twenty companies amounted to 2,720,000,000 pounds of copper and operating cost or actual cash expenditures to produce amounted to 8.2 cents per pound. Two companies produced 18% of the total at operating costs between 5 and 6 cents per pound; four companies produced 19% between 6 and 7 cents per pound; two companies produced 6% between 7 and 8 cents per pound; two companies produced 11% between 8 and 9 cents; six companies produced 33% between 9 and 10 cents; three companies produced 11% between 10 and 11 cents, and one company produced 2% at an operating cost of over 11 cents per pound.

Leaders Control Low Cost Properties

A further study of the copper situation shows that the important low cost properties are controlled by the two dominant interests in the industry, the Kennecott Copper Corp. and the Anaconda Copper Mining Co. The former company controls what are probably the world's two lowest cost copper properties, capable of producing the metal under 6 cents per pound (operating costs), namely, the Utah Copper Co. and the Braden Copper Co. in South America, and in addition has indirect control of the Nevada Consolidated Copper Co. which can produce copper at a price slightly under 9 cents per pound. Kennecott's Alaskan oper-

New York Curb Exchange

IMPORTANT ISSUES

Quotations as of Recent Date

Name and Cash Dividend	1930 Price Range High	1930 Price Range Low	Recent Price
Aluminum Co. of Amer.	356	210	235
Aluminum Pfd. (6)	110	105⅛	109¾
Amer. Cyanamid "B" (1.60)	37	17⅝	20⅜
Amer. Gas Elec. (1)	157	104	131½
Am. Lt. & Traction (2½)	89¼	52⅞	59⅜
Amer. Superpower (1)	39½	20¼	22⅞
Assoc. Gas Elec. "A" (2.40)	46½	30½	30⅝
Central States Elec. (.40)	39¾	19	23¾
Cities Service (.30)	44¼	24½	27¾
Cities Service Pfd. (6)	93⅞	88	91
Cons. Gas of Balt. (3.60)	136⅞	90¼	†113½
Consolidated Laundries (1)	16	10	16
Cosden Oil	74¾	31⅜	33
Deere & Co. (1.20)	162⅝	65½	80½
Durant Motors	7	2⅜	4
Elec. Bond Share (6)§	117⅞	70¼	83
Ford Motors of Canada (1⅛)	38½	28	30¼
Ford Motors, Ltd. (.37½)	23½	10¼	21⅝
Fox Theatre A	17⅞	2½	10⅜
General Baking	4⅜	2¼	2¼
General Baking Pfd. (3)	54½	27	32¾
Gen. El. Ltd rcts, Eng. (.50)	14	10¾	11⅜
Glen Alden Coal (8)	121½	75	†82
Goldman Sachs T.	46¾	15½	18½
Gulf Oil (1.5)	166⅞	115½	120⅝
Hecla Mining (1)	14	8¾	9
Humble Oil (2)	119	78	†87
Hygrade Food Products	15	8½	†10½
Insull Util. Invest. Inc. (§9%)	71	53⅝	59⅝
Insur. Securities Inc. (1.40)	23	13⅞	14¼
Internat. Pet. (1)	24	17⅝	17⅝
International Utilities B	19½	6⅞	13
Lefcourt Realty (1.85)	25½	13¾	14¾
Lion Oil Refining (2)	29	18⅝	†18¼
Lone Star Gas (1)	55⅞	34½	38
Mid. West Util. (§8%)	38	25⅜	28⅞
Mountain Producers (1.60)	12½	8	9⅞
National Fuel Gas (1)	41⅜	25½	29½
New Jersey Zinc (2½)	91½	62½	64½
New Mex. & Arizona Land	7¼	3⅛	4
Newmont (4)	141⅞	79	†86
Niagara Hudson Power (.40)	24½	15¼	15¾
North. States Power A (8)	183½	130	145
North. States Pow. Pfd. cum. (6)	102	95½	99
Novadel-Agene (2¼)	34⅞	22⅝	31¾
Pennroad Corp. (.20)	16½	10½	10⅝
Pittsburgh & Lake Erie (5)	130	106	†117
Ruberoid Co. (4)	64¾	39¾	45
Safety Car & Heat. (8)	147	109¼	114½
Salt Creek Producers (2)	15¼	8¼	11
Standard Oil of Ind. (2½)	59⅞	47⅝	48⅞
Transcontinental Air Trans.	10⅞	5⅞	9½
Trans Lux	13½	4¼	10½
Tubize Chatel B	22¾	6⅝	7
Ungerlieder	36½	21¾	25⅞
United Founders Corporation (2/35 sh. of com.)	44	15½	16⅜
United Lt. & Pow. A (1)	56	27½	40¾
United Lt. & P. cv. Pfd. (6)	119⅝	97½	108¾
U. S. Gypsum (1.60)	58	36½	44
Utility & Indus. Corp.	23¾	12⅝	14⅜
Utility Pow. & Lt. (1)	28	14¼	17½
Vacuum Oil (4)	97⅞	76¼	79⅝

† Bid price. § Payable in stock.

ations are relatively unimportant. Including the affiliated companies, Kennecott Copper Corp. is the largest copper producing unit in the world, accounting for about 20% of total world output.

Anaconda through ownership of Chile Copper Co. and Andes Copper Mining Co. controls two of the largest and most important sources of low cost copper in the entire industry and through their acquisition and development has greatly strengthened its position. Both of these properties can produce the metal under 7 cents per pound. Greene Cananea, now almost fully controlled by Anaconda, last year demonstrated its ability to produce copper from its new Colorado ore body at a cost under 6½ cents. Production costs from Anaconda's old properties run somewhat higher than 9 cents per pound, but if necessary through prolonged depression of the price of copper, Anaconda can concentrate production on its low cost mines and thereby aggregate a very low total production cost.

The exceptionally strong position of both Kennecott and Anaconda in the industry is indicated by the low cost at which they can produce the metal. The average operating cost for the Kennecott group of properties (except Nevada) is 7.2 cents per pound and after depreciation charges amounts to only 7.8 cents per pound. Anaconda's costs run slightly higher, with average operating costs of 7.8 cents, and after depreciation approximately 9 cents per pound. Even at the current low price for copper, which prohibits many other companies from making any profit whatsoever, and allows most of the remainder only a slight margin, both Kennecott and Anaconda can theoretically still show a fair margin.

The strength of Kennecott and Anaconda lie not only in their control of low cost producing properties but in their control of a large part of the domestic fabricating capacity. These have been acquired ostensibly for the purpose of integrating the companies, thereby securing for themselves and the industry a larger measure of stabilization than would otherwise be the case. Anaconda now controls roughly 42% of the brass manufacturing capacity of the country and from 35 to 40% of the wire capacity. Kennecott, through the acquisition of the Chase Companies last year controls about 16% of the brass capacity and an associated company, American Smelting & Refining Co., considering its affiliation with General Cable Corp., controls an additional 20% of the brass capacity and about 25% of the wire capacity. By means of these fabricating subsidiaries and affiliates, Anaconda and Kennecott

have links with the ultimate consumers that are necessary to stabilize the industry through balancing production with consumption.

It is not likely that the 18-cent level for copper will be seen again for some time to come, but a recovery in general business from the present depressed levels should again carry the copper industry out of its present difficulty, and result in considerably improved prices for the metal before very long. To give present holders of Kennecott and Anaconda as well as future prospective purchasers an approximate idea what these companies can earn at various price levels for the metal, there is included in the accompanying table estimates of earnings on the respective common stocks of both companies. In the case of Anaconda, it should be realized that the company in addition to being a copper producer is also a large producer of lead and zinc, the earnings from which would of course affect the total earnings of the company to some extent.

The immediate outlook for the industry is still somewhat clouded and until indications point to definite improvement, committments in the coppers may logically be deferred for a while. The situation, however, has tangible possibilities, and Kennecott and Anaconda representing the strongest units in the industry are undoubtedly two of the best buys in the copper securities at the proper time. While at the current low price for the metal, earnings will be considerably below present dividend rates on both of these stocks and therefore further reductions are conceivable, improvement over the next year is entirely probable, and with this improvement both Kennecott and Anaconda should emerge stronger than before.

Insurance Department

(*Continued from page* 749)

untimely death, and with the thought of building up a thrift fund for the later years of life in the happy event that she lives on to enjoy the Autumn Years, as we hope you will do.

With this thought in mind, we would suggest that you consider applying for life insurance on the endowment at 60 or endowment at 65 plan. Assuming that you took an endowment at 60 for $5,000, the annual premium would be about $127 on the non-participating plan, and about 20% or 25% higher, in the initial premium, on the participating basis reducible by annual dividends, so that the ultimate cost under either form would be

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Aug. 27, 1930, Times Earnings	Dividend Rate
Amer. Encaustic Tiling	6 mos.	(d)	ND	(d)	—	1
Amer. Safety Razor	6 mos.	05	ND	3.51	9.1(g)	5
Atlantic Refining Co	6 mos.	.02	10	1.05	16.2(g)	1
Barnet Leather Co	6 mos.	(d)	ND	(d)	—	—
Chicago Yellow Cab	6 mos.	.13	ND	2.38	5.3(g)	3
Chrysler Corp.	6 mos.	.03	38(s)	.77	18.2(g)	3
Coty, Inc.	6 mos.	.09	4	.74	11.5(g)	—
Drug, Inc.	6 mos.	.11	47(m)	3.01	13.4(g)	4
Equitable Office Bldg	3 mos.	.06	253(m)	.68	16.9(g)	3
Fairbanks Co.	6 mos.	.02	37	—	—	—
First National Stores	Quarter	.07	9	1.33	10.7(g)	2½
Fisk Rubber Co.	6 mos.	(d)	44	(d)	—	—
Foundation Co.	6 mos.	(d)	ND	(d)	—	—
Fox Film Corp	6 mos.	.11	24(m)	2.84	8.5(g)	4
General Amer. Tank Car	6 mos.	.07	29	4.58	9.4(g)	4
General Asphalt Co	6 mos.	NM	1	.50	39.0(g)	4
General Cable Corp	6 mos.	(d)	41	(d)	—	—
Goodyear Tire & Rubber	6 mos.	.03	44(s)	2.02	14.1(g)	5
Gotham Silk Hosiery	6 mos.	.01	31	.02	275.0(g)	—
International Nickel	6 mos.	.05	1	.50	23.0(g)	1
Jewel Tea Co	28 wks.	.13	ND	3.17	8.3(g)	3
Kayser (Julius) & Co	Year	.07	NM	2.83	8.8	2½
Mexican Seaboard Oil	6 mos.	.05	ND	.45	24.2(g)	—
Mid-Continent Petroleum	6 mos.	.03	ND	1.45	7.9(g)	2
National Air Transport	6 mos.	.10	ND	.53	18.9(g)	—
National Enamel. & Stamping	6 mos.	(d)	ND	(d)	—	—
National Tea Co	6 mos.	.03	6	.75	16.0(g)	2
Owens Illinois Glass	6 mos.	.05	12	1.78	13.2(g)	3
Pet Milk Co	6 mos.	.03	ND	.64	15.6(g)	1½
Phelps Dodge Corp	6 mos.	.01	ND	.54	28.7(g)	3
Pittsburgh Screw & Bolt	6 mos.	.09	29	.83	10.8(g)	1.40
Radio Corp. of Amer	6 mos.	NM	1(m)	—	—	—
Remington Rand, Inc	6 mos.	.05	51	1.22	11.5(g)	1.60
Safeway Stores	6 mos.	.04	NM(s)	2.16(k)	15.5(g)	5
Shell Union Oil Co	6 mos.	(d)	40	(d)	—	1.40
Sinclair Consol. Oil	6 mos.	.01	29	.49	21.2(g)	2
Superior Steel Corp	6 mos.	(d)	35	(d)	—	—
Union Tank Car Co	6 mos.	.03	23	.99	13.1(g)	1.60
United Cigar Stores	6 mos.	NM	62(m)	—	—	—
Vanadium Corp. of America	6 mos.	.07	ND	3 30	12.6(g)	3
Warner-Quinlan	6 mos.	(d)	46	(d)	—	—

Railroads

Chesapeake & Ohio	7 mos.	.06	71	2.29	12.2(g)	2½
N. Y., Chic. & St. Louis R. R.	7 mos.	.01	116	—	—	6
N. Y., Ontario & Western	6 mos.	(d)	45	(d)	—	—
New York Central R. R.	6 mos.	.03	81	4.63	17.6(g)	8
Reading Company	5 mos.	.01	45	1.44	31.5(g)	4
St. Louis-San Francisco	7 mos.	.02	203	1.78	29.8(g)	8

Public Utilities

Columbia Gas & Elec	12 mos.	.09	35	2.06	29.6	2
Detroit Edison Co	12 mos.	.08	78	9.77	11.0	8
Federal Water Service	Year	.05	153	2.99-A	11.4	2.40
Hudson & Manhattan R. R.	7 mos.	.02	147	2.75	10.0(g)	3½
Standard Gas & Elec	12 mos.	.04	103(s)	6.41	16.2	3½

(d) Deficit. (g) Based upon estimated yearly earnings as indicated by period reported. (k) Based upon average number of shares outstanding during period reported. (m) Including mortgages. (s) Including obligations of subsidiaries. A—Class "A" Stock. ND—No Funded Debt. NM—Negligible.

approximately the same to the insured.

If at age 60, you applied the proceeds of this endowment policy towards the purchases of an annuity, providing an income for the remainder of your life, you could, according to present quotations, get about 8½% annual return on the purchase price paid for the annuity—or an annual income payment from the $5,000 annuity of about $425—guaranteed for the remainder of life.

Life insurance is in a class by itself, and for that reason the difficulty of comparing the merits of investment in that channel with investments in stocks is obviously the principal reason being that with the first annual premium paid on a life insurance policy, the face amount of the policy is immediately created as an estate, and in the event of the death of the insured at any time after the payment of this first premium the full amount of the created estate is at once payable to the named beneficiary.

Wages and Prosperity

(*Continued from page 723*)

It is this policy, or understanding of the problem, which was in the minds of those who were present at the White House conference last Fall. What would be the effect of changing this program? Would a reduction in the capacity of the mass of the people to purchase speed up the wheels of industry?

Are we to believe that the average man's power to purchase as it was last fall should remain static, or is there reason to believe that instead of lowering wages it would improve the investor's position if the masses became better able to purchase the products of our industries?

The answer is to be found in our extraordinary capacity to produce, in the revolutionary industrial methods which have increased per capita production so enormously, and which promise, unless unfortunately checked, to produce in quantity and in value to an even greater degree in the future.

At present our national purchasing power has been somewhat reduced. Several factors assisted in creating this condition, one of these being increased inventories. Our industries early last summer were producing more rapidly than the people were consuming or we could export. If our industries had been guided by the policies which were applied during previous depressions, there would have been widespread reductions in wages early this year. These would have resulted in an additional

brake on the wheels of industry, until slowly and painfully industry and commerce would begin to revive.

At present we are much in the position of a patient having difficulty in breathing. Does the doctor reduce the volume of oxygen? Instead the clothing is loosened, the windows are opened, and perhaps oxygen is artificially administered. Unless the circulation of oxygenized blood is maintained the patient may collapse.

So it is with wages and prosperity. The circulation of money is necessary. Under our present industrial system the circulation of economically sound wages is more essential than ever.

There are humanitarian and social conditions involved in the question of wages. These must be given thought, but the economic considerations are the all important, for an economically unsound wage would be disturbing or disastrous regardless of any humane or social bearings.

We are not alone in dealing with industrial depression. It is world-wide. But we are more happily situated. No country possesses such natural resources, such a variety of agricultural products. None are so well equipped industrially. None less burdened with debt or lack of capital.

We can look into the future with greater confidence than any other people. The present lowered industrial pulse will soon beat more vigorously than ever. The stimulant required is the capacity to purchase.

When the present depression indicated its arrival, the President of the United States announced a program never before ventured by a Chief Executive at such a time. It would not prevent a depression for it had already arrived, but it could accomplish much in preventing the injury to industry and commerce which might follow, and which invariably had in the past.

Had our investors withdrawn their capital, had our industrialists refrained from launching extensive construction programs, and had the wage scales been reduced, we would probably have experienced all of the disasters which have overwhelmed investors during previous depressions.

Instead of making it more difficult for the industrial patient to breathe, the windows were opened, the supply of oxygen—the purchasing capacity—was provided.

It is apparent from the many public and private discussions of this subject that there is a better understanding today than ever before of the intimate relationship of national consumption to production, and the necessity of maintaining this capacity to consume so that it will equal every industrial development.

To maintain existing wage scales seems to be as essential to the investors' welfare as to the manufacturers, the merchants and the workmen.

The present condition of reduced production is the result of a period of depression, set in motion principally by the failure of consumption to keep pace with production. As a result, many corporations have experienced reduced profits since last summer; bankers have been unable to lend money at the high rates prevailing a year ago, an army of workmen have been forced into idleness.

Would these conditions have been prevented or more effectively minimized if wages had been reduced? Would lower wage scales have increased the national demand for manufactured goods? Would they have stimulated the public mind?

The logical and the sound economic answer is to be found in the wage policy announced by President Hoover, which was endorsed by the financial, the industrial and the trade union representatives who met with him in confidence at his request last fall.

We cannot stimulate industry's capacity to produce by reducing wages; and, through this action, limiting the wage earner's influence as a consumer.

Savings—For Security Insurance—For Protection A Home—For Comfort

(*Continued from page* 751)

He said: "I meet a surprisingly large number of men in their fifties or beyond who tell me that all they have saved is insurance. The rest of their savings have gone over the wheel at some time or another, but they have this one substantial asset—the cash value of their insurance. In cases where there is a second asset, it is usually a home."

It is not my purpose to be drawn into the discussion of whether or not it is cheaper to own a home or to rent. Both sides have their enthusiastic proponents. Even if the home-owning way is more expensive, it is justified, in my opinion, because of the enforced saving involved and the satisfaction resulting from home-ownership. If the renter would save and invest wisely and regularly as much as he would put into a home, he might be ahead over a period of years. But what family will do this? Few indeed. From this standpoint, and remembering that life insurance salesman's observation, the home is truly a wise investment.

A steadily built personal reserve in a good bank, adequate life insurance well protected, and a home—these three, and the greatest of these—well, who shall say? Fortunate the family which acquires all three, for they are building their structure of success on the rock of thrift and forethought, not on the shifting sands of whim and extravagance.

Trade Tendencies

(*Continued from page* 752)

publicity by virtue of their relative unimportance are now being eagerly seized upon. The moderate increase in the price of scrap is an example. This event is not without significance but it can hardly be interpreted as presaging a broad upward revision in steel prices. It does appear, however, that the immediate decline in average steel prices has been halted.

The industry continues to lean heavily on the demand for shipbuilding, highway, pipe line and structural purposes and from projects reported to be planned it is likely that these sources will aid materially in sustaining activity. While economy measures have reduced the purchase of railway rolling stock and equipment to a practical minimum, obsolescence may force carriers to place larger orders before the end of the year. Orders for rails have gained in volume. The demand for sheets and strips, emanating largely from the automobile industry, offers little promise as sales of automobiles, despite widespread price cuts, have been disappointing.

Thus far the industry has not had to resort to reduced dividends but earnings of practically all companies will fall considerably below the record levels of 1929. The best showing will be made by those companies with a widely diversified output or producing the favored specialties.

How to Appraise the "Cash Position"

(*Continued from page* 729)

doubtless lies partly in the fact that last December, inventories were over $6,500,000 of current assets and notes receivable nearly $5,500,000, while in the meantime the price of silver has declined about 25 per cent. Cash or equivalent in call loans, acceptances, marketable securities (usually bonds), etc., can as a rule be accepted at full

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value. Excess of this item over total current liabilities is frequently cited as evidence of the strength of a given company and is undeniably an enjoyable position. One swallow, however, does not make a summer. It is well to look over several past balance sheets to see if it is the fixed policy of a company to always maintain a strong current position and to be assured that a good showing is not merely due to some special, temporary cause such as a recent sale of stock, or bonds, an abnormal decline in inventory or some other asset item.

Present Importance

The importance of a strong current position is particularly great at the present time when earnings are falling to the vanishing point, dividends are being cut, prices are making new lows and the outlook for the future is decidedly uncertain. Under such circumstances, commercial and investment bankers become very conservative in extending financial aid to companies pressed for funds. If working capital falls unduly low, especially the cash or equivalent item and the company cannot borrow or sell stock, the going soon becomes exceedingly rough and if the turn in its business is too protracted, there is no other end but bankruptcy.

Besides being an index to a company's ability to weather a business depression, the cash and marketable security item is also the outstanding guide to continuation of dividends when they are not being earned. As a group the automobile and accessory and also the fertilizer companies are quite notable for the size of their cash balances. They have learned through the many ups and downs of their industries that one of the basic conditions of their survival is to be able to hold their organizations together over what are at times extended periods of small or no profits.

As a group, companies that do a cash business such as the utilities, railroads, cash groceries, etc., in readily saleable products do not require relatively as large liquid reserves as those extending credit or dealing in slow selling merchandise. In fact, failures due primarily to lack of working capital are probably rare among such enterprises. Manufacturers, however, usually extend credit and carry sizable inventories, or a substantial overhead or both. For these, the so-called industrial or producing companies, cash reserves for a rainy day are a matter of life or death and a mark of good management. Comparative figures show that maintenance of consistently adequate liquid balances have a direct relation to the market prices of such companies' stocks.

Railroad Equipment Co.'s

The railroad equipment stocks, for example, sold for a long period at prices not warranted by their earnings, due to the well-known facts of their good management and current position strength, American Car and Foundry carrying for some time a common dividend cash reserve for three years in advance. Present prices for these stocks indicate that all the foresight of their companies' managements has not sufficed to offset the steady deterioration in the position of the industry itself. With the progressive weakening of their liquid assets, prices of their stocks gradually declined.

In the accompanying comparison of three equipment stocks, account has been taken only of the amount of cash or equivalent per share excluding accounts or notes receivable and inventories as too subject to sudden changes in values and to liability to become frozen. The cash balance really represents the surplus available for emergencies over actual working capital requirements. In it has been included call loans, marketable securities and in the case of Baldwin notes of foreign countries and corporations received in payment for purchases and which proved to be good.

This tabulation brings out clearly the influence of the amount of cash per share in maintaining the price of common stocks at a high ratio to earnings, as long as hope exists, of a return to the former high earning power. This is especially true of the first two companies during 1927 and 1928. The effect is obscured in the case of Baldwin by removal of the plant from Philadelphia and proposed sale of resulting vacant real estate at a price mentioned as equivalent to some $100 to $150 per share. The prospect of adding this amount to the cash assets of the company has kept the price of its shock at a consistently high ratio to earnings even when deficits were shown.

In contrast to these three companies in a declining industry, the tabulation of market leaders presents a comparison of common stock values of fourteen leading companies in industries believed to have good prospects for growth. In this table the cash account and earnings per share in 1923 are compared with the same data in 1929, while market prices in the 1923 ratio comparison are as of March 1st, 1924, and in the 1929 comparison as of August 15th, 1930.

Inspection of this table does not disclose any constant relation between cash assets per share and market price. Most of the stocks are now selling at a higher ratio to the peak year earnings of 1929 than they were early in 1924 to the more moderate earnings made in 1923. Most of them are likewise selling at a higher price in proportion to their cash assets per share than in 1924. This fact seems to be due to the hold on the public that has been gained by the theory of "common stocks as long term investments."

In the table at the bottom of page 729, the cash per share and net current assets per share of fourteen companies are compared with the 1929 and 1930 lows of their common stocks.

All of these are reputable well managed companies, but they have the misfortune to be in depressed industries, in some cases in industries that have suffered an extended depression. In the majority of cases, the stock market lows were well below their net current assets per share and American Woolen and Agricultural Chemical, due to heavy unpaid accumulation on the preferred stocks sold below cash assets per share. Yet even among these companies, as is true of the others, there is no uniformity in the relation of current positions to market prices of common stocks, which brings us back to our original contention that the cash value of any stock is significant only when considered in the light of the earning prospects of the company.

Important Dividend Announcements

NOTE—To obtain a dividend directly from the company, the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
7%	All'd Chem. & Dye Pf.	1¾%	Q	9-11	10-1
$4.00	Amer. Loco.	$1.00	Q	9-12	9-30
9.00	Am. Tel. & Tel.....	2.25	Q	9-20	10-15
7%	Armour & Co. (Ill.) Pf.	1¾%	Q	9-10	10-1
7%	Arm'r & Co. (Del.) Pf	.1¾%	Q	9-10	10-1
3.00	Beech-Nut Packing..	.75	Q	9-12	9-30
8%	Bell Tel. of Canada...	2%	Q	9-23	10-15
6.00	Case (J. I.)	1.50	Q	9-12	10-1
6.00	Coca-Cola Co.	1.50	Q	9-12	10-1
5.00	Consol. Cigar Corp..	1.25	Q	9-15	10-1
6.00	G. A. Fuller Cum. Pf.	1.50	Q	9-10	10-1
6.00	G. A. Fuller 2d Pf..	1.50	Q	9-10	10-1
1.60	General Elec.	.40	Q	9-19	10-25
3.00	Hudson Motor Car...	.75	Q	9-11	10-1
2.50	Inter'l Harvester ...	.62½	Q	9-20	10-15
7%	H. R. Mallinson Co. Pf.	1¾%	Q	9-20	10-1
2.80	National Biscuit ...	.70	Q	9-19	10-15
2.00	St. Joseph Lead.....	.50	Q	9-9	9-20
2.00	Sinclair Consol. Oil..	.50	Q	9-15	10-15
4.00	Stone & Webster Inc.	1.00	Q	9-17	10-15
5.00	Texas & Pac. R. R..	1.25	Q	9-15	9-30
5.00	Und'w'd-Elliott-Fisher	1.25	Q	9-12	9-30
1.60	U. S. Gypsum	.40	Q	9-15	9-30
2.00	U. S. Pipe & Fdy...	.50	Q	9-30	10-20
7%	Ward Baking Pf......	1¾%	Q	9-17	10-1
2.00	White Motor Co.....	.50	Q	9-12	9-30
3.00	Wrigley (Wm.) Jr...	.25	M	9-20	10-1

For Features to Appear In the Next Issue See Page 717

Financial Notices

Dividends and Interest

The American Corporation

Grand Rapids New York

DIVIDEND NOTICE

The Board of Directors of The American Corporation has inaugurated payment of dividends on the Common Stock of the Corporation and has declared an initial dividend of 15¢ a share, payable in cash, on September 20, 1930, to Common Stockholders of record at close of business September 5, 1930. Transfer books will not be closed.

H. M. PLEUNE, *Treasurer.*

August 20, 1930.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

164th Dividend

THE regular quarterly dividend of Two Dollars and Twenty-Five Cents ($2.25) per share will be paid on October 15, 1930, to stockholders of record at the close of business on September 20, 1930.

H. BLAIR-SMITH, Treasurer.

SOUTHERN PACIFIC COMPANY

DIVIDEND NO. 96

A QUARTERLY DIVIDEND of One Dollar and Fifty Cents ($1.50) per share on the Capital Stock of this Company has been declared payable at the Treasurer's Office, No. 165 Broadway, New York, N. Y., on Wednesday, October 1, 1930, to stockholders of record at three o'clock P. M., on Monday, August 25, 1930. The stock transfer books will not be closed for the payment of this dividend.

G. M. THORNTON, Treasurer.

New York, N. Y., August 20, 1930.

E. I. DU PONT DE NEMOURS & CO.

Wilmington, Del., August 18, 1930.

The Board of Directors has this day declared a dividend of $1.00 per share on the outstanding $20.00 par value Common Stock of this Company, payable on September 15, 1930 to stockholders of record at the close of business on August 28, 1930; also dividend of $1.50 a share on the outstanding debenture stock of this Company, payable on October 25, 1930 to stockholders of record at the close of business on October 10, 1930.

CHARLES COPELAND, Secretary.

The Bell Telephone Company of Canada

Notice of Dividend

A dividend of two per cent (2%) has been declared payable on the 15th of October, 1930, to shareholders of record at the close of business on the 23rd September, 1930.

W. H. BLACK,
Secretary-Treasurer.

Montreal, 27th August, 1930.

Dividends and Interest

International Petroleum Company, Limited

Notice of Dividend No. 26

NOTICE is hereby given that a dividend of 25c. United States Currency per share has been declared, and that the same will be payable on or after the 15th day of September, 1930, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupon No. 26 at the following banks:—

The Royal Bank of Canada,
King and Church Streets Branch,
Toronto 2, Canada.

City Bank Farmers Trust Company,
52 Wall St., New York, N. Y.

The National City Bank of New York,
36, Bishopsgate, London, E.C. 2, England.

OR

The Offices of the International Petroleum Company, Limited,
56 Church Street, Toronto 2, Canada.

The payment to Shareholders of record at the close of business on the 30th day of August, 1930, and whose shares are represented by registered Certificates of the 1929 issue will be made by cheque, mailed from the offices of the Company on the 13th day of September, 1930.

The transfer books will be closed from the 1st day of September to the 15th day of September, 1930, inclusive, and no Bearer Share Warrants will be "split" during that period.

By order of the Board,
J. R. CLARKE,
Secretary.

56 Church Street, Toronto 2, Canada.
25th August, 1930

MALLINSON'S Silks and Fabrics de Luxe

H. R. Mallinson & Co., Inc.

299 Fifth Ave., New York City
August 20, 1930

Preferred Dividend No. 43

The Board of Directors of this Corporation has declared the regular quarterly dividend, No. 43, of 1¾%, on the preferred stock, payable October 1, 1930, to stockholders of record at the close of business on September 20, 1930.

E. IRVING HANSON, *Treasurer.*

WARD'S FINE BREAD

WARD BAKING CORPORATION

New York, August 21, 1930

A quarterly dividend of one and three-quarters percent (1¾%) on the Preferred Stock of this Corporation has been declared, payable on October 1, 1930, to stockholders of record at the close of business September 17, 1930.

JOHN M. BARBER, Treasurer

ALLIED CHEMICAL & DYE CORPORATION

61 Broadway, New York,

August 26, 1930.

Allied Chemical & Dye Corporation has declared quarterly dividend No. 39 of one and three-quarters per cent. (1¾%) on the Preferred Stock of the Company, payable October 1, 1930, to preferred stockholders of record at the close of business September 11, 1930.

H. F. ATHERTON,
Secretary.

Dividends and Interest

Public Service Corporation of New Jersey

Dividend No. 93 on Common Stock

Dividend No. 47 on 8% Cumulative Preferred Stock

Dividend No. 31 on 7% Cumulative Preferred Stock

Dividend No. 9 on $5.00 Cumulative Preferred Stock

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; at the rate of $5.00 per annum on the non par value Cumulative Preferred Stock, being $1.25 per share, and 85 cents per share on the non par value Common Stock for the quarter ending September 30, 1930. All dividends are payable September 30, 1930, to stockholders of record at the close of business September 2, 1930

Dividends on 6% Cumulative Preferred stock are payable on the last day of each month.

T. W. Van Middlesworth, Treasurer

Public Service Electric and Gas Company

Dividend No. 25 on 7% Cumulative Preferred Stock

Dividend No. 23 on 6% Cumulative Preferred Stock

The Board of Directors of Public Service Electric and Gas Company has declared the regular quarterly dividend on the 7% and 6% Preferred Stock of that Company. Dividends are payable September 30, 1930 to stockholders of record at the close of business September 2, 1930

T. W. Van Middlesworth, Treasurer

UNION CARBIDE AND CARBON CORPORATION

A cash dividend of sixty-five cents (65c) per share on the outstanding capital stock of this Corporation has been declared, payable October 1, 1930, to stockholders of record at the close of business Sept. 4, 1930.

WILLIAM M. BEARD, *Treasurer*

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free upon request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

STANDARD OIL ISSUES
We have available for distribution descriptive circular on all the Standard Oil issues. (219).

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

THE BACHE REVIEW
By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

FOR INCOME BUILDERS
The booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

7% INSTALLMENT SAVING CERTIFICATES
of a Colorado building and loan association operating under strict state supervision—their investment features and why—are explained in an interesting folder. (467).

"WHAT IS THE CLASS A STOCK?"
An analysis of the Class A Stock of the Associated Gas & Electric Company, including charts, figures and descriptive information indicating the progress of the properties back of Associated securities. (492).

FREE FOLDER
explains the advantages of guaranteed income Time Certificates issued by progressive building and loan association. Affords highest type of safety and definite 6½% earnings for five-year term. Issued for $100 to $10,000—bond form with quarterly or semi-annual interest coupons. Non-fluctuating—transferable—renewable and tax exempt. (526).

THE FRENCH PLAN
Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above-mentioned 72-page book. Send for your free copy. (643).

GREATER AND QUICKER PROFIT
This interesting 12-page booklet, issued by the Investment Research Bureau, shows you just how to increase your stock market profits by turning your capital over at a faster pace than usually is possible by holding for the "long-pull"—or for several years. Send for your complimentary copy. (662).

HANDY MANUAL OF INVESTMENT TRUSTS
168 pages of statistical data on 146 leading companies, recently published in pocket size by an Investment Trust Security House. Send for your free copy. (664).

IS IT IMPOSSIBLE?
is the title of an attractive booklet which will aid you in scientifically placing your funds into investment trust issues. Send for your copy today—it's free. (672).

NATIONAL WATER WORKS SECURITIES
What is the future for the securities of this public utility? You can secure a satisfactory answer if you send today for 681.

RUSSELL MILLER MARKET LETTER
will be gladly mailed to you upon request. Issued by Russell Miller & Co., members New York Stock Exchange, having offices on Pacific coast and in New York. Ask for 704.

INVESTMENT SHARES
is a booklet issued by a Texas building and loan association describing the various forms of investments issued. Under state supervision. Send for 708.

THE FASCINATING STORY OF WALL STREET'S GREATEST SKYSCRAPER
An illustrated booklet describing the erection of the new 70-story Manhattan Company Building, New York; and Starrett Securities, which share in the ownership and profits of this building. Also contains a brief history of New York's skyscrapers from the earliest days. Copy on request. (730).

A COMPLETE FINANCIAL LIBRARY IN 11 VOLUMES
These eleven Standard Books, published by The Magazine of Wall Street, cover every phase of modern security trading and investing. Available at moderate cost. Write for descriptive circular. (752).

BOND SAFETY—FIXED INTEREST OF 6% WITH AN EXTRA PARTICIPATION IN PROFITS
describes the attractiveness of the Participation Bonds of the American Cash Credit Corporation, one of the N. C. C. A. Group. An interesting booklet describing the attractiveness of the industrial loan field for investment will be sent free upon request. (754).

AMERICAN COMMONWEALTHS POWER CORPORATION
have issued its annual report containing a history of the corporation, its earnings, statistical data, and services rendered. A complimentary copy will be sent to you upon request. (761).

THE SECURITIES OF OHIO CORPORATIONS
which include those of many companies that are vital factors in the great industrial structure of the United States, have attracted investment capital from probably every state in the Union. Careful analyses of these securities will be gladly furnished by Otis & Co., prominent investment bankers of Cleveland and members of New York Stock Exchange. Send for literature. (777).

THE UNGERLEIDER DAILY MARKET LETTER
will be gladly sent on application written on business letter head. Contains interesting investment suggestions and trading advices. (780).

WHEN TO BUY AND WHEN TO SELL
The Investment and Business Forecast, a security advisory service conducted by The Magazine of Wall Street, definitely advises subscribers what securities to buy or sell short and when to close out or cover. Current weekly edition and full particulars sent without obligation. (783).

TRADING METHODS
The handbook on Trading Methods, issued by Chisholm & Chapman, contains much helpful information for traders. A copy will be sent to you upon request together with their latest Market letter. Ask for 785.

UNITED FOUNDERS CORPORATION
The report of United Founders Corporation for six months ended May 31st, 1930, showing a complete list of portfolio holdings, together with earnings statement, may be obtained without obligation by asking for 789.

BYLLESBY MONTHLY NEWS
Published by the well-known pioneers in public service, contains many sound investment suggestions; also keeps you in touch with the investment market in general and gives timely information on various units of the Byllesby organization. Your name will gladly be placed on the complimentary list without obligation. (792).

LEHMAN BROTHERS
have issued in attractive booklet form the capitalization and earnings for the last four years of the companies with whose public financing Lehman Brothers have been identified. Will be sent to you without cost. Ask for 797.

DIVIDENDS AND EARNINGS
No earnings, no dividends; no dividends or dividend prospects, no security values. Investors can keep posted on both through two tabulations, "Dividends and Dates" (weekly) and "Corporation Earnings" (monthly). Sample of each free on request. (804).

NATIONAL STOCK ANALYSIS
Information regarding earning power, ability to continue current dividend payments and other important factors is available in the September issue of this analysis. By comparing up-to-date analyses of companies in which you are interested with those in the same industrial classifications, you will get a new perspective on your investment position. Send for sample copy 805.

JOHN MORRELL & CO., INC.
The common stock of this Company, having no bonds or preferred stock outstanding, is recommended for investment by A. G. Becker & Co. Listed on the New York Stock Exchange, this security pays dividend of $4.40 per share. Based on the stock selling around 53 the yield is about 8.30%. Send for descriptive information, 806.

PAINE WEBBER INVESTMENT REVIEW
The current semi-monthly number of this interesting review discusses the subject, "How 1930 Differs From 1921." A complimentary copy without obligation will be forwarded upon request. (807).

L. A. YOUNG SPRING & WIRE CORP.
In the latest Weekly Review issued by Prince & Whitely, a detailed analysis of this Company is given. If interested in the future of this manufacturing company send today for 808 without obligation.

THE BOUVIER REVIEW
Contains analyses and charts on General Electric, Procter & Gamble, Vanadium Corporation, Diamond Match, General Motors, Westinghouse Electric, Loew's, Inc., Texas Gulf Sulphur, Amer. Tel. & Tel., American Can and Air Reduction. Send for 809.

MARKET STATISTICS

	N. Y. Times	Dow, Jones Avgs.		N. Y. Times 50 Stocks		
	40 Bonds	30 Indus.	20 Rails	High	Low	Sales
Saturday, August 16	88.34	228.02	129.03	196.34	192.93	974,970
Monday, August 18	88.30	227.79	128.59	195.75	192.62	1,413,610
Tuesday, August 19	88.35	230.68	129.10	198.24	194.66	1,861,790
Wednesday, August 20 ...	88.39	232.98	128.91	199.22	195.82	1,817,580
Thursday, August 21	88.43	231.27	127.77	196.64	194.67	1,712,810
Friday, August 22	88.56	232.63	127.46	198.00	194.80	1,335,680
Saturday, August 23	88.55	234.42	127.62	198.17	196.64	690,170
Monday, August 25	88.56	231.52	127.95	199.61	196.11	1,600,230
Tuesday, August 26	88.79	235.47	129.08	199.81	196.29	1,746,950
Wednesday, August 27 ...	88.79	237.93	129.83	202.29	199.65	2,200,190
Thursday, August 28	88.66	237.79	129.96	201.79	199.42	1,437,210
Friday, August 29	88.68	240.42	131.28	203.80	200.62	1,858,820